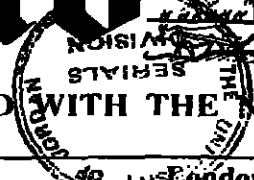


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Russia Steps Up Grozny Assault Chechnya Sees Bombing as Demoralization Tactic

By Michael Specter
New York Times Service

GROZNY, Russia — In a major escalation of the war for the separatist Chechen Republic, Russian jets struck at the center of Grozny on Monday night after helicopters and artillery units unleashed a fierce offensive on the villages that ring the capital.

The bombing began late Sunday when it became clear that the negotiations between President Boris N. Yeltsin and the Chechen leader, Dzhokhar Dudayev, were not advancing, but it increased throughout the day Monday.

Mr. Dudayev called for new talks late Monday and said military action should be halted, the Itar-Tass news agency said. Itar-Tass did not make it clear if Mr. Dudayev was offering a cease-fire.

Reuters reported that Russian troops captured the village of Petropavlovskaya, just 10 kilometers (6 miles) from Grozny, pushing Chechen fighters back to the edge of the city.

In Moscow, the news agency Interfax reported that Sergei A. Filatov, Mr. Yeltsin's chief of staff, said that the blockade

of Grozny would be completed Monday and that the southern corridor, which Russia had left open to permit civilians to flee the city, would be blocked off.

The government issued a statement repeating its promise to step up military action to bring the republic into line.

Russian soldiers were closing in from the west at Dolinskoe, which has sustained the heaviest fighting to date. In the last day, bombers have attacked the capital's television tower, a major gas pipeline on the southern edge of the city and an electrical station in the north.

Although the Russians appear to have tried to bomb mostly strategic positions in the capital, warplanes struck at a residential neighborhood on Monday for the first time, hitting Oktoberskaya, on the edge of Grozny. There were no injuries in that bombing, but two houses were destroyed.

The Chechen press service said that seven Russian tanks had been destroyed and that many Russian soldiers had been killed, but the number of casualties in fighting around Grozny on Monday could not be independently determined.

"We are now surrounded on all sides

except for the mountains," said Musa Mirzhuyev, Mr. Dudayev's personal military adviser. When asked whether Russia was picking its targets carefully or bombing indiscriminately, he replied: "The Russian empire was never capable of using a scalpel. It has always barged into other people's gardens with a bear's claw."

"What can be more strategic than demoralizing the population," he said. "This is a psychological attempt to drive our people from their capital."

Nobody was fleeing in part, perhaps, because there was nowhere to go. In fact, there was little motion in the capital, which was covered with snow and wrapped in a thick, impenetrable fog from dawn to dark. The fog may be the only thing preventing Russian troops from cutting all remaining roads to the city.

Lights were dimmed in the Presidential Palace, where enormous sides of beef were stacked on the tables in the unheated lobby. Next to them, reserved for dozens of soldiers mulling about the palace, were jars of spiced pickles and bread donated by

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The Harsh Tones Coming From Beijing Nervous About Deng's Health, Chiefs Try to Prove Toughness

By Patrick E. Tyler
New York Times Service

BEIJING — With a new wave of repression and nationalistic bluster on issues like trade and national defense, Communist Party leaders are asserting their authority in ways that Western diplomats attribute to the further decline of Deng Xiaoping's health.

As Mr. Deng's health has deteriorated through the fall, the Chinese leadership has handed down long prison sentences to dissidents, increased overall security in Beijing and threatened trade retaliation against the United States if Washington cracks down on the rampant pirating of compact disks in China.

Trade Minister Wu Yi said last week that a trade war would erupt if Washing-

ton decided on sanctions over copyright piracy in China.

"The day when the United States produces its list for retaliation will be the day when China produces its own," Ms. Wu told the official People's Daily.

What's more, negotiations over China's bid to enter the World Trade Organization by the Dec. 31 deadline have been marked by rising political rancor.

At the same time, while military cooperation between the United States and China has been improving, a cat-and-mouse encounter between an American aircraft carrier and a Chinese nuclear submarine in late October has rankled Chinese officials and resulted in sharp recriminations.

Pentagon and State Department officials have confirmed the incident, which was first reported by the Los Angeles

Times, saying that the carrier battle group of which the Kitty Hawk was a part detected one of China's five Han-class nuclear attack submarines in the Yellow Sea. The carrier's anti-submarine escorts dropped sonar buoys to track the submarine, which headed for its base at Qingdao on the Shandong Peninsula, and China scrambled air force jets that flew within sight of the American battle group as it tracked the submarine.

At a dinner with a U.S. military attaché in Beijing, a Chinese official later asserted that another such incident could lead to a military clash.

American analysts attribute the tough talk to political uncertainty in Beijing.

"No one dares be anything but a strong

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Mr. Carter waiting to begin a tour of Sarajevo on Monday.

Serbs Agree To 4-Month Cease-Fire, Carter Says

White House Cautious After Rejecting Earlier, Conciliatory Approach

By John Pomfret
Washington Post Service

PALE, Bosnia-Herzegovina — Former President Jimmy Carter announced Monday that Bosnian Serbs had agreed to stop attacking Muslims and blocking their food as long as the two sides resumed peace negotiations.

The Clinton administration kept its distance from Mr. Carter's first day in Bosnia. While Washington may not back Mr. Carter's negotiating stance, the Serbs will undoubtedly be able to use the pronouncements to become even more intransigent in the face of international pressure to end Bosnia's war. (European officials are skeptical of Mr. Carter's mission. Page 2)

"I would only say that I think we've been pretty clear as to who we think the aggressors are — the Bosnian Serbs are the aggressors in this war," said the White House spokeswoman, Dee Dee Myers.

"The American people have had two years of what's happening on the ground there and to see both sides of the story."

Ms. Myers was responding to a statement by Mr. Carter, who was invited by the Bosnian Serbs' leader and who contended that the American public had "heard primarily one side of the story" about Bosnia's war.

"It may be that today is one of the rare chances to let the world know the truth and to explain the commitment of the Serbs for a peace agreement," Mr. Carter told his Serbian hosts.

While Mr. Carter said any new talks must be held on the "basis" of an internationally brokered peace plan, the Serbs understood Monday's agreement to mean that the plan would essentially be dismantled in a move that could throw peacemaking efforts in Bosnia into disarray and leave the Serbs sitting on 70 percent of this country.

"Yes, it is open to negotiation, yes, the whole plan," a joyous Nikola Koljevic, vice president of the self-proclaimed Republika Srpska, declared after talks ended with Mr. Carter. "This is a victory for democracy, for us, for the Serbs."

The results of Mr. Carter's mission to Bosnia amounted to a triumph for the Serbs who have opposed the international peace plan from the moment it was issued in May. By winning the ear of a former American president, the Serbs won their first important public relations battle over the Muslims, who so far have done far better in that arena than they have in the battlefield.

The Serbs also garnered several other diplomatic points from the former American president, who told Serbian leaders, blamed for the worst bloodshed in Europe since World War II, that their image had suffered from biased media coverage. And in an extraordinary statement, Mr. Carter

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Clinton Proposes a Dramatic Overhaul

By Paul F. Horvitz
International Herald Tribune

WASHINGTON — President Bill Clinton announced a major effort on Monday to shrink the size and reach of the federal government, and he challenged the new Republican-controlled Congress to help him without "rhetoric and recklessness."

Many of the suggested changes would have been considered revolutionary only a few years ago.

But in the context of the lean-government demands of Republicans and independent voters, the White House has become an ardent bidder in a political process that has the potential to remake quickly the very concept of what the U.S. government should be.

"We are rethinking what it is that the federal government ought to do," said the White House budget director, Alice M. Rivlin.

Republicans, for example, insist that entire departments of the government should be eliminated, a course the White House rejected on Monday. And Republicans vow to come up with even deeper overall spending cuts.

The next House Budget Committee chairman, John R. Kasich of Ohio, said he was "encouraged" by the president's action but declared: "He hasn't gone far enough."

Notably, the current wave of cuts is largely designed to offset tax breaks that both the White House and the Republi-

cans are promising. Only 18 months ago, the fever for cuts was focused on reducing the federal deficit.

These are some of the major changes envisioned by Mr. Clinton, designed to save some \$20 billion over the next five years and decentralize government functions:

- The Department of Energy would turn over management of its national petroleum reserve to private oil companies and stop selling below-market electric power from federal hydroelectric dams.

- The Transportation Department would transform the air traffic control system into a quasi-public corporation.

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Czechs Seize 3 And Suspected Uranium-235

Compiled by Our Staff From Dispatches

PRAGUE — Czech police have seized nearly three kilograms of what they suspect is uranium-235, which is used in nuclear warheads, and detained three people, including an expert in nuclear physics, the Interior Ministry said Monday.

A ministry spokesman, Jan Subert, said tests were still under way on the radioactive material, which came from the former Soviet Union and was seized in Prague on Wednesday. But he said Czech experts were 90 percent sure that it was a highly enriched isotope of uranium-235.

Mr. Subert said two of those arrested were citizens of the former Soviet Union, but he refused to say from which country. The third man was a Czech nuclear physicist. The material, which was safely packed, carried a Russian certificate.

"According to the certificate it is highly enriched uranium," Mr. Subert said. "Uranium-235 functions as an explosive and it is used in the warhead of rockets."

The International Atomic Energy Agency in Vienna said it was concerned that such material could become available illegally, but noted that the amount was not enough to make a bomb.

The police, who had been tipped off, caught the three unnamed men as they drove through a suburb of Prague, he said, adding that seizure was the biggest of such material in the Czech Republic. The 90 percent enriched uranium-235 was stored in two cylindrical containers.

The three men were charged with illegal possession of nuclear material, a senior police officer said.

The Czech scientist has not been officially employed in the nuclear industry for several years, the police said. Smaller amounts of nuclear material have been seized, notably in Germany. Specialists believe this was the first seizure

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Japanese Troops Show the Flag in Style

By Keith B. Richburg
Washington Post Service

GOMA, Zaire — Enter the Japanese military camp situated among Goma's squalid refugee camps and your shoes are sprayed with disinfectant by a soldier fitted with a yellow tank on his back. Fresh vegetables and meat are flown in on Japanese Air Force C-130 transport planes from Nairobi, prepared Japanese style, then served in a spotless mess tent.

After dinner, troops can call home twice a week on satellite phones or relax at the "Goma Hot Springs," a traditional Japanese bathhouse constructed in tents complete with slippers lined up at the entrance, potted plants and a view of Nyiragongo volcano as a scenic backdrop through an opening.

The 260-man Japanese military contingent here is served in style. It is the last foreign military unit assisting more than a million Rwandan Hutu who fled to Zaire in July after the takeover of their country by the Tutsi-dominated Rwanda Patriotic Front.

This operation is considered a first for Japan, an economic powerhouse still feeling its way to a larger political role — the

first time Japanese troops have been dispatched overseas for a humanitarian mission under their own command.

Japanese troops assisted in Cambodia and Mozambique, but both of those missions were defined as "peacekeeping" operations under a UN command, and the Japanese were given a limited role in areas considered safe and protected by troops from other nations.

After three months in Goma, the Japanese are now leaving — they are due home before the end of the year — but their officers hope their brief tour has advanced an image of Japan in a little-known corner of this poor continent.

"When I arrived here, I asked, 'Do you know Japan?' and they said yes, because they know Toyotas" and other products made in Japan, said Yoshio Nagawa, a UN refugee official who laid the groundwork for the arrival. "But they never saw the face of a Japanese."

That has changed. Japan's military doctors at the Goma hospital treat about 50 patients each day. Its military engineers are building a drainage system at one refugee camp, and its

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Who's Chasing Whom in Fox Hunting?

New Law Allows Police to Go After Animal Rights Protesters

By John Darnton
New York Times Service

SWINDON, England — A curious ritual plays out some early darkening afternoons on rural England's rolling green hills. Figures dart back and forth across the landscape, through the woods and across the glades. Everybody seems to be chasing everybody else.

The chain-of-being goes like this: First comes the fox. Then the hounds. Then the hunters on horseback. Then the hunt saboteurs. Then the police.

And these days there is apt to be a journalist or two in the mix, along with photographers and various video crews, some taking pictures of the hunters, to be used in the animal rights crusade, and others taking pictures of the saboteurs, to be used in court.

Hunt "sabs," as they call themselves, have been around at least since the 1960s.

Their guerrilla tactics and occasionally violent dust-ups with the men and women in jodhpurs and scarlet, black and tan tunics, who sometimes cannot resist the temptation to deliver a sound blow with a riding crop, hardly qualify anymore as news.

But what is different is the new Criminal Justice Act, a centerpiece of Conservative legislation meant as an omnibus anti-crime measure to lift the party's sagging popularity. Its draconian provisions make life difficult for dozens of nonconformist British groups, including the counterculture dancers known as ravers, as well as squatters and environmental protesters.

The provision aimed specifically at hunt saboteurs is "aggravated trespass," which applies to disrupting lawful activities on someone else's land. It makes hunt sabotage an easily prosecutable offense, and it sets a three-month jail sentence.

So far, it has led to the arrests of 70

people, none of whom have yet been sentenced, said Ben Ponton, spokesman for the national headquarters of Hunt Saboteurs. But it has not slowed the movement.

Aubrey Thomas, 37, is a case in point. A worker at Heathrow International Airport, he is a veteran of the movement. He first went to try to break up a hunt as something of a lark but was horrified by what he saw.

"It was in Surrey," he recalled. "They chased the fox until it went to ground inside a drainpipe under the A23 motorway. They tried to dig it out, and finally one man picked up a pitchfork and spiked it and pulled it out and tossed it to the hounds."

"That was 21 years ago, and I've been sabbing just about every week ever since. I'm not going to quit now."

Hunt Saboteurs say there are 3,000 to

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A REAL COUNTDOWN ON HONG KONG — Three soldiers in snowy Beijing passing a clock installed in Tiananmen Square on Monday to count down the 925 days until Hong Kong returns to China in 1997.

Kiosk

Iraq Misled Inspectors, UN Asserts

UNITED NATIONS, New York (AP) — Iraq has misled UN inspectors investigating Baghdad's biological warfare program and has concealed radar used to track ballistic missiles, the United Nations said in a report issued Monday.

The report is likely to increase opposition in the Security Council for any early lifting of the UN oil embargo against Iraq. France and Russia have called for an easing of sanctions once

Iraqi programs to develop weapons of mass destruction are dismantled. The report was released by the special commission set up after the Gulf War to dismantle and monitor Baghdad's weapons programs.

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Newsstand Prices

Bahrain	0.800 Din	Malta	35 c.
Cyprus	1.000 C.	Nigeria	110.00 Naira
Denmark	14.00 D.Kr.	Norway	15 N.Kr.
Finland	11 F.M.	Oman	1,000 Rials
Gibraltar	0.85	Qatar	8.00 Rials
Great Britain	5.00	Rep. Ireland	1.00 R.
Egypt	E.P. 5000	South Africa	9.00 R.
Jordan	1 J.D.	U.A.E.	2.50 Dirh
Kenya	K.S.H. 150	U.S. (Eur.)	\$1.10
Kuwait	500 Fils	Zimbabwe	Zim. \$20.10

Dow Jones	Trib Index	
Down 16.49 3790.70	Up 0.06% 112.21	
The Dollar		
New York	Mon. close	previous close
DM	1.5735	1.5728
Pound	1.5605	1.5605
Yen	100.115	100.225
FF	5.421	5.4235



WHAT'S THE BEEF? — French pig farmers protesting market price of pork Monday on a highway near Nantes.

Priest's Crusade for Homeless Vexes French Leaders

PARIS — Abbé Pierre, a Roman Catholic priest who champions the poor, has burst into France's presidential election campaign by opening a spectacular crusade on behalf of the homeless.

The 82-year-old priest, who has personified France's conscience for 40 years, led 300 activists of the Right to Housing association who took over an empty building in Paris's chic Saint-Germain-des-Près district on Sunday.

"I declare that we are here with 60 families in the name of the law," he told a small crowd.

He said the action was intended to highlight, a week before Christmas, the plight of 600,000 to 800,000 homeless people in France and 2 million more living in slum housing while many buildings stood empty.

"We won't leave here until there is a guaranteed rehousing solution," said the squatters' leader, Jean-Baptiste Eyraud.

Edouard Balladur, the conservative prime minister, a likely contender in the two-round presidential election in April and May, immediately met Abbé Pierre

and the association's founder, Albert Jacquard. The prime minister promised that the police would not take any action to remove the squatters until alternative housing was found.

As a gesture of respect, Mr. Balladur also provided an official car for Abbé Pierre to take him back to his monastery in Normandy.

Not to be outdone, Mayor Jacques Chirac of Paris, Mr. Balladur's chief rival and the only declared conservative presidential candidate, quickly announced he would institute legal procedures to commandeer, for the homeless, empty apartments and offices owned by large financial corporations.

"I will do this immediately, but I stress that we are talking of those apartments and offices belonging to large financial groups and empty for speculative reasons," Mr. Chirac told TF1 television.

Mr. Chirac, seeking to strike a more social-minded image as the presidential election nears, was eager not to frighten the middle-class voters who are among his staunchest supporters; some of them own apartments

that they keep off the rental market for speculative or other reasons.

Abbé Pierre's action was an embarrassment for Mr. Chirac, who is often held responsible for the "gentrification" of Paris by property developers since he became mayor in 1977. The developers have driven property prices up, forcing poorer families out of the city.

The squatters led by Abbé Pierre picked a five-story building in the midst of chic boutiques and restaurants and slated for conversion to luxury apartments.

The president of the poverty action group ATD-Quart Monde, Geneviève de Gaulle, said her organization would challenge all presidential candidates to pledge to enact a law to fight poverty. She is a niece of Charles de Gaulle's.

Abbé Pierre has fought for the poor since 1954, when he began a campaign to provide food, shelter and dignity for thousands of homeless people threatened with freezing to death in France's coldest postwar winter.

Carter Bosnia Trip Enrages Europeans

Diplomats Say 'Grandstanding' Could Give Serbs Respectability

By Joseph Fitchett
International Herald Tribune

PARIS — In his free-lance statesmanship in Bosnia, Jimmy Carter is treading especially tricky new ground because this time, unlike in North Korea or Haiti, his actions can damage the interests of European governments involved in the crisis alongside the United States, according to officials in Europe.

"Put politely, we are skeptical; actually, we are livid at personal grandstanding liable to give the Bosnian Serbs a few minutes of respectability," a European diplomat at the North Atlantic Treaty Organization said Monday.

Mr. Carter seemed to be losing his footing fast in Bosnia, pub-

licly concurring in claims that the Bosnian Serbs' cause has been misunderstood and neglected in the United States.

While European governments have sought to maintain a posture of neutrality in Bosnia, no experienced negotiator would have made a similar conciliatory statement in public at this juncture.

Mr. Carter's comment did nothing to dispel Europeans' fears that he will be manipulated by Radovan Karadzic, the Bosnian Serb leader.

Speaking in Pale, the Bosnian Serbs' stronghold, Mr. Carter heard Mr. Karadzic describe the Bosnian Serbs as people fighting for their homes, not as aggressors from Serbia.

Mr. Carter replied that he could not dispute Mr. Karadzic's statement that the American people had primarily heard only one side of the story.

Despite their concern, Western governments, too embarrassed by their own performance in Bosnia to object publicly to letting another newcomer try peacemaking, have accepted the Carter mission, with France even providing a cautious endorsement.

The ray of hope is that Mr. Carter's trip will provide the occasion for the Bosnian Serbs to move out of their diplomatic isolation with a step toward a political settlement.

Mr. Carter, 70, said, "It may be that today is one of the rare chances to let the world know the truth and to explain the commitment of the Serbs to a peace agreement."

For Mr. Karadzic, the meeting may simply be an opportunity to suggest that there are cracks in the international support for the peace plan.

For most European and U.S. officials, the risk looms much larger that Mr. Carter's conversations will fuel confidence among Bosnian Serbs and corresponding fears among Bosnian Muslims and undermine the current internationally backed peace plan.

Unfortunately, a European policymaker said, Mr. Carter's trip "fits a broader picture that the plan is suddenly no longer sacrosanct, at least not as much as it was a week ago when Western governments were looking for a diplomatic rebound."

Already, he said, leaders in Bosnia are anxiously waiting for signals from the talks that opened Monday in the Netherlands among Western governments about how to improve the effectiveness of their peace-keeping forces in Bosnia.

That military agenda, he said, will be closely scrutinized in Bosnia for hidden Western political intentions. For example, a key suggestion for better wintering logistics involves securing a land corridor from the Adriatic to Sarajevo.

In Bosnia, that is liable to be read as something more, as a sign that the Western governments are shifting the focus away from the Muslim-held enclaves in western Bosnia.

If Mr. Carter's trip ends in failure, a European official said, it "is liable to be seen as more disguised American meddling — in Europe, not in Haiti or Asia."

The Carter trip has already aroused suspicions in Europe because of the Clinton administration's last-minute decision to give the semi-official status by extending some U.S. logistical and political support.

2 Israeli Soldiers Die In Lebanon Attacks

Agencies France-Press
MARJAYOUN, Lebanon — Two Israeli soldiers were killed and at least three wounded in guerrilla attacks in southern Lebanon on Monday, security officials said.

Israeli troops and their proxy militia retaliated by pounding Hezbollah positions in south Lebanon while Israeli warplanes buzzed the region.

WORLD BRIEFS

Another Child Kills Himself in Japan

TOKYO (AP) — A 10-year-old boy hanged himself in his home in eastern Japan, the police said Monday. It was the latest in a recent outbreak of similar youth suicides. A note, found in the room where his mother found him hanging by an electrical cord, said, "I want to go to a different life because I'm sick of this one."

The police said he was pronounced dead Sunday at a hospital near Kaminokawa, about 120 kilometers (75 miles) north of Tokyo. The police did not make public the boy's name and said they did not know whether he killed himself because of bullying at school, which has been the motivation behind at least three of five similar youth suicides in Japan in the last month.

A Warning to Foreigners in Karachi

KARACHI, Pakistan (Reuters) — Foreign embassies are urging their nationals to take extra precautions in Karachi, where at least 140 people have been killed in ethnic and sectarian violence this month, diplomats said Monday.

The U.S. Consulate's latest advice to Americans living in the southern port city is to stay away from districts where gunfire has been reported in the last few days. A consulate advisory also tells U.S. citizens to "avoid crowds, marches, funerals or protests, congested areas or obstacles (like burning tires or vehicles) in the road." It cautions them not to go walking or jogging in public parks or on roads.

Iran Helps Iraq Sell Oil, U.S. Asserts

NICOSIA (Reuters) — The United States has accused Iran of helping Iraq violate the United Nations oil embargo and threatened fresh UN action to discourage such activity, the Middle East Economic Survey reported Monday.

The newsletter said the accusation was made in a letter to the United Nations Security Council's Sanctions Committee, which is charged with enforcing the embargo on Iraq's oil, imposed after Iraq invaded Kuwait in 1990.

Israel Bloc Survives Biblical Storm

JERUSALEM (Reuters) — The Israeli government on Monday easily defeated a no-confidence motion called by rabbis in Parliament in a feud over the character of the biblical King David.

Supporters of Prime Minister Yitzhak Rabin's Labor-led coalition beat the motion, 56 to 41.

Ultrareligious members of Parliament forced the vote over a comment by Foreign Minister Shimon Peres last week that King David may have acted immorally 3,000 years ago when he slept with the wife of one of his warriors and sent the husband to die in battle.

Bulgaria Elects Former Communists

SOFIA (AP) — Popular discontent over lingering instability and falling living standards propelled the Bulgarian Socialist Party, the former Communists, into power in the country's parliamentary elections.

According to the election commission, the Socialists will command an absolute majority of 124 seats in the 240-seat Parliament. Their main rivals, the Union of Democratic Forces, will gain 68 seats.

Computation of the distribution of seats was based on 92 percent of the votes counted in Sunday's election. Few changes were expected in the final tally, according to an election commission spokesman.

Tamil Rebels Kill 3, but Talks Go On

COLOMBO (AP) — Tamil guerrillas killed three soldiers Monday, but rebel leaders and government officials went ahead with discussions for their next round of peace talks.

The predawn attack on an army bunker occurred in Wel-Oya, 220 kilometers (135 miles) northeast of Colombo, Major General Genunu Kulasinga, the military's spokesman, said in the capital.

For the Record

A chartered plane carrying families home for Christmas reunions crashed in a remote mountainous area of Papua New Guinea, killing all 28 people aboard, aviation officials said Monday. The plane had been chartered by the Missionary Aviation Fellowship of Melbourne. (AP)

TRAVEL UPDATE

Cunard Yields to Angry Passengers

LONDON (Reuters) — The Cunard shipping company agreed on Monday to produce individual compensation packages for about 500 passengers who missed out on a Christmas cruise on their QE2 liner because a refurbishment was not finished on time.

It came up with the offer after one of the frustrated passengers, David Steane, an attorney, picketed its London headquarters. "I have received an unsolicited apology both for me and the other passengers," Mr. Steane said after meeting with Cunard officials, who at first refused to see him.

The Steanes, who paid £19,000 (\$29,600) for the trip, were among 190 passengers left on the dock when the QE2 sailed from Southampton on Saturday for New York. Another 300 people had been told by Cunard earlier that they would not be able to travel. Their cabins were not ready because contractors had failed to complete the plumbing. Cunard initially offered a refund, plus a free cruise next year and £250 spending money.

U.S. citizens going to Bahrain should avoid crowds and exercise caution, following anti-government protests there, the State Department advised Americans traveling abroad. (Reuters)

Seven people died and 53 suffered frostbite in Moscow after temperatures plunged below minus 25 degrees centigrade (minus 13 degrees Fahrenheit) over the weekend. The Interfax news agency said all the victims had been drinking heavily. (Reuters)

Hundreds of railroad workers marched in Oslo and held wildcat strikes around the country Monday to protest cost-cutting plans by the state railroad. (AP)

Gasoline stations in Lagos, Nigeria's commercial center, had long lines Monday due to shortages of fuel that have spread throughout most of the country. (Reuters)

Albania slowed to a crawl as electricity was rationed by the government because of drought in the river system supplying most of the country's hydroelectric power. The capital, Tirana, was lit only by car headlights. (Reuters)

Lebanon will try to get the United States to lift a travel ban on Americans to that country imposed in 1983, at the height of the 1975-90 civil war, a Lebanese official said Monday. The ban also prevents Middle East Airlines from flying to and from the United States and selling tickets there. (Reuters)

Feud With Greeks? Albanians Puzzled

By Henry Kamm
New York Times Service

GIJOKASTER, Albania — There are many ethnic disputes that keep Balkan governments at loggerheads, but the one between Greece and Albania seems to find little echo among the people themselves.

Greece and Albania speak to each other harshly, have expelled diplomats and have ended military cooperation. There has been a fatal border raid as well as repressive measures against ethnic minorities and a political trial that recalled the practices of Albania's Communist rule.

But in this mountaintop town near the Greek frontier, whose population of 29,000 consists mainly of ethnic Albanians, a visitor found no one to say an unkind word about Greece.

Ismael Kadare, a writer who comes from here and who now lives in Tirana, said: "There is something deeply wrong in today's relations. The dispute is artificial; there are too many friendships between Greeks and Albanians."

Most Greeks in Albania live in this southern region; and, across the border in Greece, about 250,000 Albanians have, since the fall of the dictatorship in 1991, found the employment that their own country, Europe's poorest, cannot offer.

The money they send home is the largest source of convertible money in Albania. Its own currency, the lek, is not accepted abroad.

Because virtually all of the migrant workers have either no Greek visas or ones that do not entitle them to work, Greece regularly sends some back across the border. But it tolerates the huge majority because they fill jobs that Greeks refuse.

Officials know that those who are expelled sooner or later return.

There is widespread belief that the roots of the conflict may lie less in ethnic rivalry than in historical antagonism between north and south. In a referendum in November on a draft constitution, President Sali Berisha of Albania, a northerner who heavily pro-

moted the draft, suffered a far heavier defeat in this region than in the north.

Mr. Kadare, the writer, spoke of his lifelong affection for ethnic Greek classmates whose names he recalled fondly. One, Thanas Dipo, a local journalist, echoed his friend's views. Asked to define his sense of nationality, he said: "I'm a Greek of Albania, but in conscience and spirit I'm more Albanian."

How many Greeks there are in Albania is a statistic that has fallen victim to the dispute, which began in the Communist days when Greece accused Albania of singling out ethnic Greeks for special mistreatment.

Mr. Berisha said in an interview in Tirana that there were 70,000 to 80,000 Greeks. Nationalists in Greece, who con-

sider this region as having been stolen from their land when Albania was founded in 1913, put the number at 400,000. A Greek diplomat with close knowledge of the area estimated the total at 120,000.

In a joint interview, two ethnic Greek leaders, Thoma Mico, a member of Parliament, and Vasil Cako, a senior regional official, sharply contrasted their strong loyalty to Albania with what they described as repression of campaigners for Greek rights.

Citing what he said was repression by the secret police and the imprisonment of ethnic Greek advocates, Mr. Mico said: "The message to the minority is, 'If you are an activist, you risk prison.' We as representatives are isolated, and the minority is frightened to fight for its legal rights."

Peasant Rebels in Mexico Warn of Renewed Fighting

By Tod Robberson
Washington Post Service

MEXICO CITY — The peasant rebel Zapatista National Liberation Army announced Monday that it had mobilized for an imminent renewal of fighting and that thousands of its guerrillas had skirted a Mexican Army cordon to take up positions in towns across southern Chiapas state.

Although no fighting has been reported, news services said that armed and masked peasants had been seen at road blocks in some parts of the state.

The latest announcement, however, marked the first time the Zapatistas had claimed to have spread beyond their government-recognized zone.

At a jungle news conference, the Zapatista leader, Subcomandante Marcos, described the mobilization as a "military action" to guard against any surprise attack by the Mexican Army.

and that at least one town had been seized by gunmen.

Mexico City's Radio Red network reported that a dynamite explosion occurred in one rural village seized by peasants, but the report could not be confirmed.

The mobilization threatened an 11-month cease-fire that went into effect two weeks after the Zapatistas, armed mostly with hunting rifles, launched their uprising on New Year's Day. The Zapatistas have on at least two previous occasions declared "red alerts" in anticipation of renewed fighting with the Mexican Army, only to dissolve back into the jungle.

The latest announcement, however, marked the first time the Zapatistas had claimed to have spread beyond their government-recognized zone.

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THE AMERICAS / 'PRESSING VERY HARD'

Pilots Thought They Were in South Korea, Tapes Show

By Steven Greenhouse

WASHINGTON — The Pentagon released tapes Monday in an effort to show that the two army pilots whose helicopter crashed into North Korea before going down were not on a hostile surveillance mission and thought they were in South Korea.

The Clinton administration also warned that relations could soon take a turn for the worse if North Korea did not soon release one of the captured pilots and turn over the remains of the other. Their helicopter went down Friday night north of the demilitarized zone.

Asserting that the pilots had unwittingly strayed north of the demilitarized zone, Pentagon officials released their last radio message in which they said they were at a site in South Korea.

though they went down seconds later about 27 kilometers (17 miles) away in North Korea.

"Clearly they were not where they thought they were," a senior Pentagon official said at a news briefing. "Why they were not where they thought they were we don't know."

President Bill Clinton vowed at a news briefing to push for an "early resolution" of the incident and said, "We're doing the very best we can."

The White House press secretary, Dee Dee Myers, said the administration was "pressing very hard" for the return of the body of Chief Warrant Officer David Hilemon and the return of Chief Warrant Officer Bobby Hall.

Recognizing that North Korea is eager to normalize relations with the West, the State Department said the West Pyongyang handles the crisis will

help determine how fast the United States moves to improve relations with the North.

"The American people are clearly very concerned about the fate of these two crewmen," said Mike McCurry, the State Department spokesman.

"The American people will in some sense form a judgment about North Korea based on how North Korea responds to our repeated requests for more information and more details about the incident," he said.

North Korea has said it shot down the helicopter, killing Mr. Hilemon and capturing Mr. Hall. But the Pentagon said Monday that it could not confirm whether the helicopter was shot down or was forced to make an emergency landing.

The White House announced Sunday that Mr. Hilemon was killed when

the helicopter went down, while Mr. Hall was in North Korean custody and apparently uninjured.

Mr. Clinton said he has asked Representative William B. Richardson, a New Mexico Democrat who was visiting North Korea, to extend his stay to seek to negotiate the release of Mr. Hall and the remains of Mr. Hilemon.

"I've worked on this all weekend," Mr. Clinton said at the news briefing. "I'm going to keep working on it."

American officials said Mr. Richardson had several meetings Monday in North Korea, while United Nations military officials met with North Korean military delegates at the border village of Panmunjom. In addition, the State Department said there has been a flurry of faxes and phone calls to North Korean diplomats at the United Nations in New York.

"We clearly want an early resolution to this matter and a full accounting," Mr. McCurry said.

Flights Halted Along Border

U.S. defense officials, who asked not to be identified, said that helicopters from the 4th Battalion of the 501st Aviation Regiment based at Camp Page northeast of Seoul would not fly along the border until an investigation of the downing was completed, news agencies reported.

The Democratic administration's delicate handling of the situation was matched by cautious statements by incoming leaders of the new Republican-majority Congress.

"I think we should be patient and be calm," said the incoming House speaker, Newt Gingrich. "Let's work our way through this." (Reuters, AP)

POLITICAL NOTES

Cash Drops Went to Clinton, Pilot Alleges

WASHINGTON — An independent counsel, Donald C. Smalitz, says he is investigating allegations made by a former pilot for Tyson Foods Inc. that he ferried envelopes from the company that were full of cash destined for Bill Clinton while Mr. Clinton was governor of Arkansas.

The pilot, Joseph Henrickson, who was dismissed from Tyson last year and later sued the company, alleges that on at least six occasions, mostly in the 1980s, he carried sealed white envelopes intended for Mr. Clinton from Tyson's headquarters in Springdale, Arkansas, to an airstrip in Little Rock.

Mr. Henrickson contends that, in each case, Tyson officials told him that the envelopes, which he said were a quarter-inch thick and filled with \$100 bills, were for Mr. Clinton. Most of the times he gave the envelopes to receptionists at the airstrip, but once Mr. Henrickson said he handed an envelope to a plainclothes state trooper who was waiting on the tarmac for the drop-off.

Mr. Henrickson's allegations are contained in this week's issue of Time magazine. The 43-year-old pilot declined to discuss the charges that he outlined in the magazine.

David E. Kendall, the personal lawyer for the president and Hillary Rodham Clinton, said: "I'm extremely surprised that these vague and baseless allegations are being irresponsibly bandied about. They are totally false and do not merit further comment." (W.P.)

Gay-Rights Fee Has Friends in Capital

WASHINGTON — When it comes to rules and regulations that confer equality on homosexuals, the Reverend Louis P. Sheldon is a tireless crusader. Against them. And given the new conservatism of Congress, he may have more influence over such measures than many gay or lesbian leaders have.

Mr. Sheldon, a 60-year-old Presbyterian minister, is the founder and chairman of the Traditional Values Coalition, a national church network based in Anaheim, California. He puts the membership at about 31,000 churches, representing at least a dozen denominations.

Mr. Sheldon counts as a friend the new assistant majority leader of the Senate, Senator Trent Lott of Mississippi. The Republican senator was featured in the coalition's 1993 videotape, "Gay Rights/Special Rights: Inside the Homosexual Agenda."

In the House, Mr. Sheldon expects hearings on the subject of public school programs about homosexuality under a commitment he said he received in September from Representative Newt Gingrich, Republican of Georgia, the incoming speaker. Mr. Sheldon said Mr. Gingrich did not "want kindergarten children or elementary school children being taught, where federal dollars are involved, that the homosexual lifestyle is just another kind of diversity."

Although Mr. Sheldon's base is Orange County, California, the coalition has a substantial Washington office, in a pale-yellow Victorian town house on Capitol Hill, not far from where Mr. Sheldon grew up.

"We are here at the capital because the churches sent us here," he said in an interview. "We stand upon the principles of Judeo-Christian values and beliefs. And there is no way we are going to say that homosexuality is viable." (NYT)

Quote/Unquote

Representative Dan Glickman, Democrat of Kansas and a loser in the November election, joking about Washington's notorious reputation for abandoning those out of power: "The only one working in the family now is our son, and he won't take our calls." (NYT)

Suburbia's Emerging Political Clout May Redefine the Rules

By Karen De Witt

WASHINGTON — While the 1990 census found that the majority of Americans live in the nation's suburbs, the national election last month confirmed the demographic phenomenon: suburban voters, and particularly those living in the South, now hold the key to political power.

And politicians have already

begun to see their futures shifting, with Republicans predicting a rosy future among the land of malls and Democrats bemoaning their fate.

Yet political analysts, demographers and academicians say the picture emerging of new political muscle in the suburbs presents a murkier picture than a simple win or lose scenario for either major party.

Some contend that the very

diversity of today's suburbs prevents one party from locking up the votes. But others say the suburbs present a fundamental realignment between urban and suburban needs, between the haves and the have-nots, as more affluent citizens physically distance themselves from the problems of poor urban residents.

But experts concede, that an electorate that resides primarily

in the suburbs has implications for the future of the nation as profound as the shift from rural to urban at the end of the 19th century.

"America has begun a suburban era of political control," said William Schneider, a political analyst at the American Enterprise Institute.

If party affiliation is any indication, that would appear to bode well for Republicans, and

it represents a reversal in traditional party constituencies.

The Republicans, who have long been identified with big business, are now viewed by many voters, rightly or wrongly, as a populist party. And their increasing conservatism on social issues in recent years dovetails comfortably with Southern attitudes toward issues like the role of religion in public life.

But the major driving force behind the shift, say political scientists, is suburban sprawl and the conservative attitudes it spawns.

According to a survey conducted by VNS, the organization that does the exit polling for the ABC, NBC, CBS and Fox television networks, the electorate in 1992 identified itself as 38 percent Democratic, 35 percent Republican and 27 percent independent. In the suburbs, the lineup was 35 percent Democrat, 38 percent Republican and 27 percent independent.

In 1994, the nation as a whole identified itself as 37 percent Democrat, 35 percent Republican, and 28 percent independent. The suburbs were 33 percent Democrat, 37 percent Republican and 30 percent independent.

"The suburbs represent a pretty heavy swing vote today," said Murray Edelman, the head of VNS.

But whether this means a rise

in a Republican electorate, as some analysts predict, is debatable.

Especially in elections for the House of Representatives, voting in 1994 was marked by striking Republican gains in the suburbs, some of which erased abnormally high Democratic votes just two years before.

"It's true that historically the suburbs have been Republican," said Curtis Gans, president of the Committee for the Study of the American Electorate, a nonpartisan research institute. "But there is no reason to believe that will continue."

"Looking at long-term polls, what you see is that suburban voters are moving more and more to independent. The suburbs are too volatile and too various. One set of appeals may work in one suburb, but not in another."

Until this year, a big Democratic margin in the large industrial and unionized cities in states like Illinois, Ohio and Michigan virtually guaranteed the election of a Democratic governor despite the more conservative Republican leanings of the historically rural parts of those states.

But in November, the Republican gubernatorial candidates came out on top despite strong urban support for their Democratic rivals. And it was the suburban voters who made the difference.



BOSTON'S LATEST TEA PARTY — Modern-day Minutemen dumping British tea into Boston Harbor to mark the 221st anniversary of the Boston Tea Party, the colonial protest against British taxation without representation.

Away From Politics

• An air force officer accused in connection with the downing of two U.S. helicopters over Iraq in which 26 died, Captain Jim Wang, will be court-martialed. Charges against four other officers on the radar plane he served on have been dismissed, the air force said. (AP)

• An autistic teen-ager charged with murder after allegedly throwing his 5-month-old nephew out a fifth-floor window has a fixation with throwing household items from the apartment, New York police

say. Even while police were interviewing him, 17-year-old Michael Holmes threw toiletries and other things out the window, a detective said. (AP)

• A man walked into a Chinese restaurant and killed a cashier before he and another person were killed following a 100-shot, four-block chase through a middle-class neighborhood, Rego Park in Queens, New York, the police said. (Reuters)

• Five days after it was stolen from a fresh grave and left on a secluded road,

the body of Melinda Ann Lee, a 20-year-old college honors student, was reburied in Dallas. The police have no motive or suspects but were investigating explanations ranging from the occult to an obsessed admirer. Miss Lee, a junior at Texas Tech University, died Dec. 7 from injuries in an October accident involving an allegedly drunken driver. (AP)

• One of five landing gears on a TWA Boeing 747 partly collapsed as the jet landed Sunday at Kennedy airport in New York City from San Juan. (AP)

CNN Will Admit Error in Showing Tapes on Noriega

MIAMI — Faced with a large fine, Cable News Network agreed Monday to tell viewers it made a mistake by broadcasting taped jailhouse conversations of Manuel Antonio Noriega as he awaited his drug trial.

As he prepared to sentence the network for contempt, Judge William Hoeveler of U.S. District Court gave CNN a choice: pay a substantial fine for contempt of court or broadcast an admission of error and pay only the costs of prosecution.

After a short recess, CNN agreed to admit it had made a mistake and pay the lesser court costs. Judge Hoeveler instructed the prosecution and defense attorneys to work out the wording of the CNN broadcast.

Four years ago, the network quoted from leaked tapes of the deposed Panamanian leader's telephone conversations with lawyers. Mr. Noriega was later convicted of drug charges and is serving a 40-year sentence.

The Atlanta-based network argued it was legally entitled to broadcast the tapes because it had a journalistic responsibility to show what it suspected was government misconduct for taping Mr. Noriega's calls.

CLINTON: One Blueprint for a Leaner Government

Continued from Page 1

although controllers would still not be permitted to strike.

• The Department of Housing and Urban Development would consolidate funds from 60 disparate housing programs and give states the authority to disburse them. Residents of some public housing projects would be given vouchers to obtain housing elsewhere if they preferred to move.

• The 60-year-old Federal Housing Administration would be privatized and compete in the insurance marketplace.

• The General Services Administration, the government's landlord and chief procurement agency, which directly or indirectly controls nearly \$60 billion in annual federal spending, says it will offer some pieces of its operations for sale to its employees.

Mr. Clinton was also said to be considering cuts in rail subsidies, in funds for roads and for nuclear waste cleanup.

Some of the White House proposals could be ordered without legislation; others will require congressional approval.

Despite the similarities in the direction being taken by Mr. Clinton, a Democrat, and by Republican leaders, major differences in their approaches remain. Many political analysts forecast a titanic battle over the federal budget that Congress is to pass next year.

On Monday, the president laid down a firm political marker for the Republicans, saying that tax cuts must be offset, "dollar for dollar," by spending

cuts. He also said he would not permit new cuts in the Social Security pension system or in the Medicare health insurance program for the elderly.

"We have not let rhetoric and recklessness dominate," Mr. Clinton said. "This has been about reality."

"I will oppose certain cuts," he said, "if they undermine our economic recovery, undermine middle class living standards, undermine our attempts to support poor people who are doing their best to raise their children and want to work their way into the middle class, undermine our attempts to improve education, protect our environment and move us into the future with a high-wage, high-growth economy."

Republicans have promised only to leave Social Security off the table as they fashion their own budget plan. And in their view, some tax cuts will not need to be offset by spending reductions because they will theoretically stimulate economic activity and produce more tax revenues.

This thesis is rejected by the White House.

The Transportation, Energy and Housing departments have often been mentioned by Republicans as targets for elimination, but Clinton administration officials argued Monday that the nation needed a way to ensure highway and air safety, that a national energy strategy was vital and that housing problems needed a coordinated approach.

The challenge for Republicans appears to be far greater than for the White House. Mr. Clinton has said he plans a middle-class bill of rights that would include \$60 billion in tax cuts and job training vouchers.

Many Republicans are rallying behind a proposal for some \$200 billion in tax cuts. They promised over the weekend that they would enact tax cuts only after enacting offsetting spending cuts.

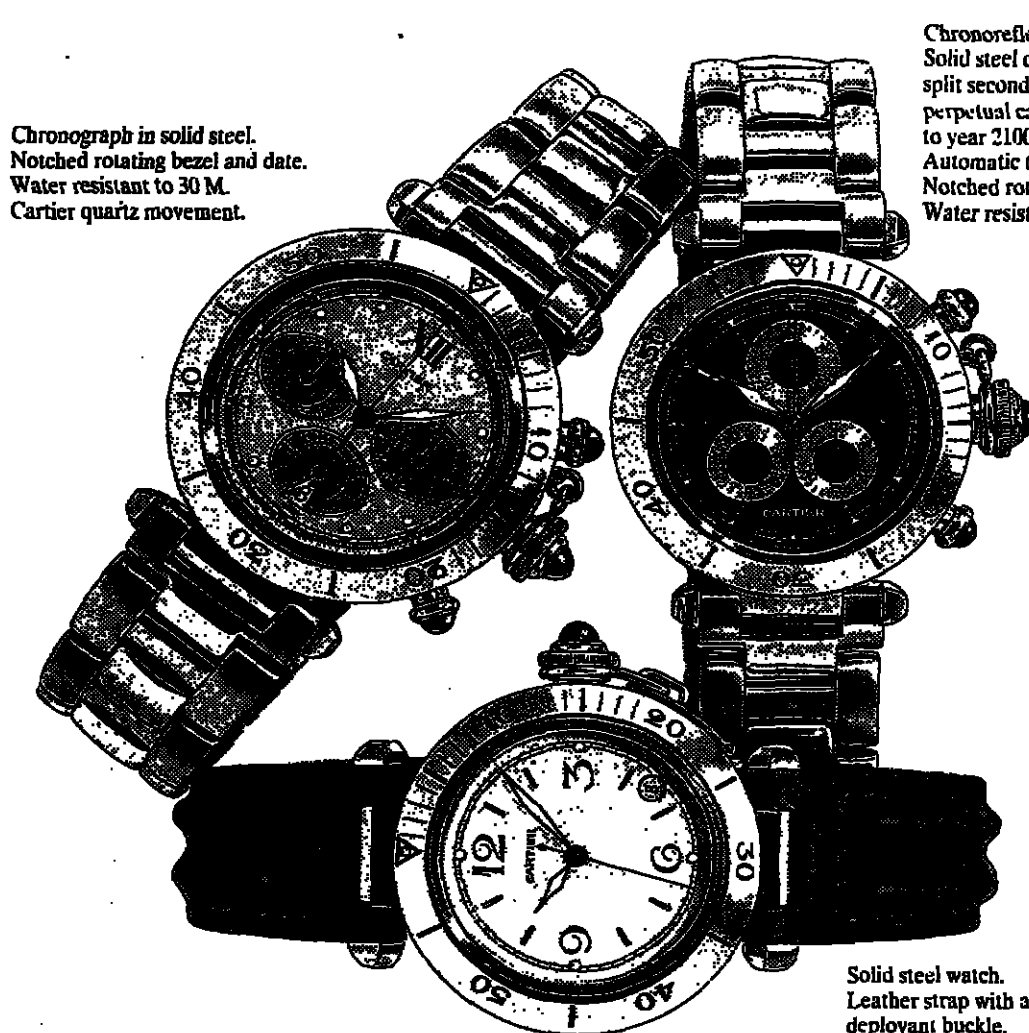
Mr. Clinton's plan envisions \$76 billion in spending reductions to pay for \$60 billion in tax cuts and \$16 billion for deficit reduction. In addition to the points announced on Monday, Mr. Clinton has proposed stretching out a freeze on discretionary federal spending through the year 2000, or two years beyond its 1998 lapse date. That should save about \$52 billion, the White House says.

Republicans say their plan, the details of which have yet to be announced, will neither add to nor reduce the federal deficit.

5 Elephant Killers to Die

BEIJING — A Chinese court has sentenced five men, including two policemen, to death for killing 16 endangered elephants for their tusks, People's Court Daily said Monday. The Xishuangbanna Intermediate People's Court sentenced 14 others to suspended death sentences, life sentences or unspecified jail terms.

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Clinton Loses His Way

There was a speech to be given by the president the other night, but, alas, he didn't give it. And there is surely deeply felt and well-justified unhappiness among vast numbers of middle-income Americans who — to quote a phrase that Bill Clinton has made familiar — "play by the rules" and yet find the federal government in a variety of ways showing them around, misusing their tax dollars and being pretty haughty and smug about it all the while. But the remedies the president set out don't get to the source of their grievances and don't really even acknowledge, let alone address, what those grievances are. The proposals had a hush-money quality to them.

All this is why we found the speech disappointing. With its blithe reversal of a sound policy regarding the danger of the federal deficit and its piecemeal offerings to a hostile electorate, the administration enters a bidding war with the Republicans that it can't win and in fact loses merely by entering.

For the first two years of his administration, Bill Clinton said that the deficit was the great threat to future prosperity. That was why he felt that on no small political cost to himself he had to propose raising taxes in Year One; it was also partly why he proposed health care reform and health care cost containment in Year Two. The best plan he actually introduced may have been a mess, but this reasoning was right. The first-year steps he took to drive down the deficit were Mr. Clinton's greatest accomplishment.

But already the deficit threatens to head back up again. What sense does it make in the face of such a recurring threat to reverse policy? And, to get down to political particulars, how can it be smart to invite a wider deficit that must inevitably drive up interest rates, hurting many of the same people the tax cuts are trumpeted as helping? The president says his tax cuts will be paid for, unlike, presumably, the larger ones the Republicans propose. But scraping together budget cuts to pay for tax cuts when the government is running deficits the size of these is circular

policy at best. Officials say there could yet be deficit reduction proposals in the rest of the budget, but it's hard to see where serious savings might come from.

Some of the tax proposals would be wasteful in other respects. In the name of increased savings, the president proposes an expansion of IRAs, or individual retirement accounts. But most of the evidence suggests that IRAs have not increased savings in the past. Some of these would also be so-called backloaded IRAs, whose true cost is understated because it wouldn't occur until well after the five-year estimating period that the budget rules require. House Republicans have also proposed backloaded tax cuts, including a backloaded IRA, which before last Thursday night administration officials reasonably denounced on grounds that the understated costs are a time bomb.

The president likewise proposes granting tuition deductions for college and other post-secondary education to taxpayers with incomes up to \$100,000 a year. The cost would be met in part by imposing further caps on so-called discretionary spending subject to the annual appropriations process. It is not the president's intent, but among the programs that such caps could end up squeezing are most of the current forms of federal aid to education, including grants to the lowest-income college students. The third tax cut would be a children's credit for families with incomes up to \$75,000 a year.

We repeat: The president is right to believe that many middle-income people in the country find that hard though they work, they can barely keep their heads above water and that the government slights them, taxing more than ever it gives back. What isn't clear is that tax cuts of at most a few dollars a day are either going to make them change their minds when they see what the benefit is or change the circumstances about which they are unhappy. In some respects the cuts could make those circumstances worse. If that's a political winner, it will be the news of the century.

— THE WASHINGTON POST

Ban Olympic Cheaters

Prince Albert of Monaco, a member of the International Olympic Committee, rates a gold medal for urging that athletes who use drugs to enhance their performance be banned from the Olympics for life. The problem has reached such disturbing proportions that only the most draconian penalties for all concerned — athletes, trainers, coaches, physicians and national sports federations — can deter further abuses.

The latest outrage is the drug-enhanced performance of the Chinese women's swimming team, which surged from nowhere a few years ago to overpower all other rivals. The Chinese took four silver medals at the 1988 Summer Olympics in Seoul, four golds and five silvers at the 1992 Olympics in Barcelona, and 12 of 16 gold medals at the world championships in Rome last September. Their dominance was so swift and so awesome that it immediately raised suspicions that they used drugs to build up muscle power.

China at first issued blanket denials. Then, after a dozen athletes, mostly swimmers, tested positive for steroids before or during the November Asian Games, China acknowledged the abuses but claimed that the athletes had acted on their own, not as part of a systematic program. China's drug-driven records mimic the earlier surge to world dominance by the East German women's swimming team, whose top medal winners later acknowledged using steroids.

Equally prodigious feats by Russians and East Europeans have been attributed to drugs, and Olympians from Europe, the United States and other nations have also been caught by drug tests and sent home from the Games. Such abuses are bad for the Olympics and for any sport, professional or amateur, where they occur. Drug cheating discourages athletes

who play by the rules, and no doubt entices many to use drugs themselves.

Moreover, the false coin of drug-assisted dominance unfairly diminishes the accomplishments of drug-free athletes. The Canadian sprinter Ben Johnson may have been stripped of his gold medal at the 1988 Seoul Olympics for using steroids. But the runner-up, America's Carl Lewis, never quite felt like the champion he deserved to be. The entire world had seen Ben Johnson burst powerfully from the starting blocks and crush him.

Prolonged use of drugs is dangerous for the athletes. Steroids can increase the risk of blood clots and adversely affect the sex organs. And Dr. Gary Wadler, a leading expert on drug use by athletes, recently suggested that mysterious deaths in Europe a few years ago among cyclists and orienteers (cross-country runners who tear through rough terrain at high speed with map and compass) may have been caused by the abuse of drugs that enhanced endurance.

The governing bodies of various professional and amateur sports have cracked down by conducting drug-testing programs and imposing penalties — but not with enough force to end the abuses. The testing must become far more comprehensive and hard to evade in all affected sports, with random tests administered virtually anywhere at any time, without advance warning. There must be safeguards to avoid tarring the innocent. But there must also be severe penalties for clear violations.

If those who use, administer or condone performance-enhancing drugs for life, all concerned would hesitate to take even the smallest step toward chemically enhanced stardom.

— THE NEW YORK TIMES

Other Comment

Yeltsin and the Chechens

Until now, Moscow has been able to ensure its interests in the Caucasus region by means that at times were highly dubious, but which always fell short of direct force. But by refusing to cave in to pressure, threats and subversion, the Chechen leader, Dzhokhar Dudayev, has forced Moscow to show its true colors. Boris Yeltsin's intervention in Chechnya is no doubt intended as a warning to other Russian republics with separatist ambitions. It will, in any case, contribute nothing to the further democratization of Russia. Mr. Dudayev may not be a paragon of democratic virtue, but the question of

whether the Chechens have the right to an independent state must be answered by the Chechens, not by Russian tanks.

— *New Zürcher Zeitung (Zurich)*

Boris Yeltsin's hesitation in the face of the Chechen rebels should come as no surprise. The Russian president may well be playing for his political survival in this affair. Nothing would be worse, in the situation facing him, than a demonstration of force turning into fiasco. And it is clear that the Chechens, survivors or descendants of survivors of Stalinian deportations, are not impressed by the noise of Russian boots and tanks.

— *Jacques Amalric, Libération (Paris)*

Yeltsin Should Seek Accommodation With Chechnya

By William Safire

WASHINGTON — The Chechens are hoodlums and religious fanatics; their criminal clans are running an island of banditry within the Russian Federation; their gross national product is stolen goods. What is more, they were on the side of the Nazis in World War II. That is what Moscow wants the world to believe, as the Red Army moves to crush the secession of Chechnya, a republic of a million fiercely independent Muslims.

An inkling that the disparaging assessment of Chechens may be Kremlin misinformation came in a New York Times opinion piece by John le Carré, the spy

The U.S. policy is to frown on any rocking of the Russian boat — to favor stability.

novelist and longtime student of Islam. Other nonestablishment types have been rounding out the picture of the 1991 secession of Chechnya from the Soviet empire.

For two centuries, these mountaineers have resisted Russian rule and fought against the eradication of their culture. Like many Ukrainians, they welcomed

Hitler's invaders as liberators from Stalin's tyranny; for this, they were murdered and scattered by the vengeful dictator until Nikita Khrushchev restored survivors to their homeland.

And like Ukraine, Chechnya seized the moment of the breakup of the Soviet Union to declare its independence in 1991. But it controlled no nuclear weapons and boasted no large army or navy. Although President Boris Yeltsin promised to leave it alone, he has refused to brook secession and has now sent his armed forces in to re-establish Russian rule in the capital, Grozny.

The reaction of the Clinton administration has been establishmentarian. The United States understands the need for Moscow to defend its sovereignty throughout the federation. If the Chechens are permitted to secede, other republics would follow. Possible results of this slippage toward subdivision: anarchy, turmoil, civil war.

The U.S. policy is to frown on any rocking of the Russian boat — to favor stability within the present federation. The State Department therefore "under-

stands" Mr. Yeltsin's forceful imposition of national authority, with tanks and planes, within Chechnya. Clinton support of Russia's rejection of Chechen secession is unequivocal (because Jimmy Carter has his hands full elsewhere).

This is not an outrageous or outlandish American position. The Russian mafia is perpetuated by Chechen enforcers; Grozny is a center of crime and corruption; and militant Islam, its symbol a crossed crescent and Kalashnikov, is a threat to peace. If Russia is to retain sovereignty, it must take responsibility for law and order within its borders.

Moreover, the former Soviet air force general leading the independence movement, Dzhokhar Dudayev, is no Jefferson Davis. The Chechen leader's hypocrisy was on display when he asked Turkey, which is waging war on its Kurdish Muslim minority, to intercede with Russia on behalf of its Chechen Muslim minority.

Thus, a good short-term argument can be made that the U.S. interest is in the stability that Mr. Yeltsin's crackdown should bring. But is anybody in Foggy Bottom thinking past the next election, to the long-term interest of the United States? To be pragmatic: Any event that diminishes the likelihood of Russia's re-

gaining superpower status is one to be encouraged, or at least not discouraged. When George Bush, in his infamous "Chicken Kiev" speech, urged Ukraine to remain subservient to Moscow, he made the biggest geopolitical mistake of his presidency. Let Russia be Russian; and the smaller its imperialistic base, the better for peace in the next century.

To be principled, if that is allowed in modern diplomacy: The United States should not set its face against self-determination. When a distinct ethnic group in a specific place has a history of fighting for its freedom from oppression — and if it is able to protect minorities within its territory — then America should be on the side of evolving autonomy and, ultimately, sovereignty.

What should outsiders be rooting for in the showdown between the Kremlin and the fierce, often crooked secessionist Chechens? An accommodation.

President Yeltsin does not have to recognize the secession. Washington should quietly urge the Russians to back off, to claim a victory for restraint in a fuzzy compromise, and to make a hero of the tank commander who would not fire on civilians standing in his way.

The New York Times

After Afghanistan, Russia Faces Another Muslim Challenge

By John K. Cooley

NICOSIA — Boris Yeltsin seems to have decided to subjugate Chechnya by military force. He should bear in mind the Chechens' historic links to militant Islam. Even if it is swiftly completed, President Yeltsin's military campaign against the tough rulers of what he once called a "state of bandits" could entail complications for both Eastern and Western Europe.

Frustrated by their inability so far to prevent a Muslim defeat in Bosnia, some Muslim powers, such as Turkey, Iran and Saudi Arabia, may feel drawn by the temptations of both history and strategy to support the godfather-like Chechen president, Dzhokhar Dudayev.

I encountered what Russian gangbuster police call the "Chechen mafia" by accident in Moscow last winter. Emerging from a central Moscow metro station on a cold Saturday morning, I faced a well-armed man wearing astrakhan coats and sheepskin hats. They guarded a huge open-air market for big luxury cars.

"I'd avoid that place, if I were you," said a Russian friend later. "Those guys are a law unto themselves. All those cars you saw were stolen, in Europe or the Middle East."

It is the West's "Middle East" which seems, to Russians, somehow to dominate the history of the Chechens and the other non-Russian peoples, mainly Mus-

lims, who live in ethnic islets in their mountains and valleys. In our own time, when no one outside Chechnya recognized its declared independence from the former colonial power in Moscow, Mr. Dudayev has indeed turned southward. He appointed as his "foreign minister" a Jordanian businessman.

In May last year, Mr. Du-

dudayev made an unpublicized visit to Lebanon with some of his

Law enforcement agencies in far-flung places will be on alert as Yeltsin tries to keep the lid on the Caucasus.

ministers, including those for religious affairs, oil and the economy. The Lebanese government refused to receive them, but they contacted leaders of Lebanon's Abkhaz Islamic Welfare movement, which is active in the Caucasus and Central Asia. And members of Hezbollah, the Iranian-backed Party of God, have reportedly commuted between Beirut and Grozny.

NATO intelligence reports say that one of Mr. Dudayev's chief domestic allies, in his constant strife with a recalcitrant

Chechen Parliament, has been a local branch of that grandfather of all international Islamism, the Muslim Brotherhood. Mr. Dudayev's critics have said he was going too far; it might be all right to uphold independence from Moscow, but not to set up an Iranian- or Saudi-style Islamic republic in Grozny.

Grozny, after the Soviet withdrawal from Afghanistan in February 1989, became a rallying and transit point for Arab veterans of the anti-Soviet war. From there they would take off to fight the new guerrilla wars in Egypt, Algeria, Bosnia, Kashmir and elsewhere. Some went to Sudan. There they have reportedly been imparting their killing skills, learned in CIA-managed training by U.S. and Pakistani special forces, to young guerrilla terrorist recruits who flock to the green banner of Islamism.

Through the long history of Russian-Turkish-Persian rivalry in the Caucasus run the tangled skeins of strife between the Islamic predominant in Grozny and the official and now, in post-Communist times, revived Russian Orthodox Church.

Catherine the Great, Czarina of All the Russians, unleashed in 1762 a crusade. She sought access to the Black Sea's warm-water ports, and wanted to free Constantinople from the Ottoman Turks, who had conquered

it from the Byzantine Greeks in 1453. Her crusade failed. During

its course, Russians tried to subjugate Chechens, Georgians and hundreds of smaller nations and clans along their way.

Also in 1762, Sheikh Mansour, a Chechen religious leader, unleashed holy war against the Russian invaders. He rejected the serfdom inflicted on other Caucasus people. Fierce struggles continued until 1829, when Czar Nicholas I demanded, in the crudest racist terms, the total uprooting of the Caucasian "blacks" (although most Caucasians are actually quite white).

Nicholas's campaign of ethnic cleansing against Muslims in Chechnya and elsewhere led only to even fiercer rebel violence. A new hero myth grew up around the figure of a leader called Jamil. His deeds were celebrated in more than 30 books published from 1854 to 1860.

Only in 1877, after more than a century of war, were the Caucasus rebels crushed. A half million Chechens, Circassians and others, burning with hate for the Russians, were deported into the already dying Ottoman Empire.

It took a former Georgian theology student and czarist police spy named Dzhughashvili, later the Communist dictator Joseph Stalin, to repeat the uprooting of the Chechens, their next-door neighbors the Ingush and Dagestanis, and this time the Crimean Tatars as well.

Stalin mistrusted their allegiance in World War II against the invading Germans. Chechen villages were wiped out overnight by artillery. Few Chechens were overlooked in the mass deportations to Central Asia. Nikita Khrushchev, in the first, largely false dawn of the Soviet reform era, brought them back in 1957.

That Dzhokhar Dudayev, carried into exile, he said, as a child on his father's shoulders, was able after his return to make a military career that eventually won him the stars of a Soviet general is one of the more implausible success stories of the old Communist empire.

Those stars are of no more use to Mr. Dudayev. He may hope, however vainly, for help from Muslim allies abroad. What Moscow and NATO powers should carefully watch now is whether he has the capability, of which his supporters have boasted, to launch terrorist attacks in Russia or other states which the Chechens, involved in the drug and gun business from Moscow to Brooklyn and Los Angeles, believe may have crossed them.

Law enforcement agencies in far-flung places will be on alert as President Yeltsin tries to keep the lid on the boiling Caucasus.

Mr. Cooley, an ABC News correspondent, is preparing a book on consequences of the Afghanistan war. He contributed this comment to the Herald Tribune.

America Needs China in GATT and the World Trade Organization

By Michael H. Armacost and Lawrence J. Lau

STANFORD, California — With the World Trade Organization scheduled to come into existence in January as the successor to the General Agreement on Tariffs and Trade, China is eager to achieve admission in time to become a charter member. It regards U.S. policy as the principal obstacle to this goal.

Beijing's desire for early membership in GATT is understandable. So is the interest of other nations in subjecting China to the disciplines of the multilateral trading system, and to the requirements for transparency and reciprocity that GATT membership requires.

China has become one of the world's biggest economies. In terms of purchasing power parity, it is arguably already the second or third largest. China is a major force in world trade. And for the last few years it has been the engine of growth in the Asia-Pacific region, the world's most dynamic economic zone. The relatively low level of China's indigenous technology and its insatiable demand for investment imply a huge and growing market for capital goods that few trading nations can afford to ignore.

And the rapid growth of China's foreign trade is unlikely to threaten the overall balance of the global trading system. Since the demand for domestic investment regularly exceeds China's supply of savings, the deficit is regularly made up through imports. Consequently, China's wider participation in the global trading system is likely in general to have a larger trade-creating than trade-diverting effect on others.

Moreover, since China mostly imports high technology and heavy industrial goods and exports light manufactured goods, its entry into the world market is likely to improve the terms of trade of developed countries such as the United States. Hence, America shares an interest in seeing Beijing take its place within the multilateral trading system.

U.S. policymakers have consistently declared support for Chinese membership in GATT, but they started detailed talks with Chinese representatives over the terms of a protocol of accession only a few months ago and staunchly resist China's entry as a "developing country."

Other advanced industrial democracies have reservations about China's admission with such status, but have been more circum-

spect. They are content to leave the onus in the protocol negotiations on the United States.

Beijing wants to join GATT for a variety of reasons. Political considerations are certainly in play. Prior to the Clinton administration's decision in May to de-link China's most-favored trading sta-

along with some elements in the bureaucracy, might prefer to defer China's admission until they have perfected their "defense" against foreign competition in the form of standards, health and safety certifications, controls on the domestic distribution system, and other nontariff barriers.

In short, it would be a serious mistake to assume that Beijing's commitment to join GATT is universally supported, or that the Chinese government is prepared to accept admission at any price.

A rejection or prolonged delay of China's application would weaken the hands of those advocating a more open economy. Meanwhile, Deng Xiaoping, the strongest advocate of such openness, may pass from the scene.

America stands to benefit from China's admission. U.S. companies operate best in open, nondiscriminatory trade, which can be most readily assured if China participates in GATT. China has become one of the most rapidly growing markets for U.S. exports. Scores of U.S. multinationals are falling in line to compete for the huge infrastructure projects in energy, transport and telecommunications that Beijing will pass out in coming years.

Aside from hastening China's development and its consequent ability to import more goods from trading partners, GATT membership will ensure that Beijing remains committed to implement the trade liberalization measures of the Uruguay Round.

The United States stands to gain as China increases its imports of food and agricultural commodities. America, as a major exporter of high-technology products, needs the additional intellectual property protection that Beijing would be obliged to give as a GATT member and Uruguay Round signatory.

If China is not admitted to GATT promptly, the opportunity and political costs could be substantial. There will be a loss in trade and other areas for nearly every country. U.S. political relations with Beijing would suffer, as America would be seen as the party principally responsible for China's exclusion.

If China stays outside GATT and the new World Trade Organization, it will have stronger incentives to resort to bilateral action on trade and other economic issues. It is doubtful that this would

serve American interests, since other developed countries can supply most of the products that the United States exports to China, and Beijing will be eager to underscore the consequences of Washington's obstruction.

Denying China GATT membership could also have a negative effect on the future of APEC, the Asia-Pacific Economic Cooperation forum which is committed to achieve free trade and investment in the region by 2020. Would a China excluded from GATT extend meaningful support to trade liberalization and trade facilitation within APEC?

The nub of the dispute between Washington and Beijing is over whether China should be considered a developing country for GATT purposes. This is not a small issue. By any measure of real GDP per capita, China is a developing country and will remain one for at least several decades. It is not surprising that Beijing insists on the same treatment in GATT as other developing countries, such as India.

At the same time, the size of China's population, the dazzling speed of its economic growth and its prowess in international trade make developed nations understandably nervous about the long periods of transition allowed to developing countries by GATT before they are required to extend full reciprocity and national treatment to their trading partners.

It is entirely reasonable for U.S. negotiators to seek to reduce this transitional period to less than the 10 years normally granted to developing countries. But the prospects for resolving this and other issues in the protocol negotiations will depend heavily on the spirit with which they are approached. Will they be confronted as obstacles to be overcome or as excuses for delay or inaction?

The United States has impressive leverage. China wants admission and is eager to get an early decision. America offers China a huge market. It supplies investment funds and the transfer of technology needed by the Chinese.

However, Washington should not overplay its hand. It has an interest in reinforcing China's commitment to an open international trading system and giving it a stake in GATT's success.

America ought to support early entry of China into GATT and do everything possible to ensure that negotiators on both sides act with the flexibility necessary to achieve that result.

Mr. Armacost, a former U.S. ambassador to Japan, is the Walter H. Shorenstein distinguished senior fellow and visiting professor at Stanford University's Asia/Pacific Research Center. Mr. Lau is Kwong-Ting Li professor of economic development and co-director of the center. They contributed this comment to the Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Dreyfus on Trial

PARIS — The trial of Captain Dreyfus for treason commenced yesterday [Dec. 19]. The charge against him, it will be remembered, is of having sold secret documents from the War Office to the Military Attaché of one of the German Embassies. A storm of polemics has during the development of the case been raging because the captain is of Jewish nationality, a fact which has been taken advantage of by a certain portion of the Paris press to start an anti-Semitic agitation.

1919: Unruffled Paris

PARIS — London may startle the fashion world by adopting, as the newspapers suggest, blue breeches and ruffled shirts for evening wear for men, but it is unlikely

that even the most eccentric of Parisian males will yield to the temptation to attract attention. About the limit of change in men's fashions in the French capital, a *Herald* correspondent was informed by a prominent tailor, will be the gradual acceptance of brighter colored suitings.

1944: Belgians Stunned

LONDON — [From our New York edition:] With the German Army driving back into Belgium, Belgian civilians are hurriedly scrubbing from walls and buildings slogans derogatory to the Nazis, front dispatches said today [Dec. 19]. One correspondent told of seeing a man hastily washing from the side of his home a picture of Adolf Hitler receiving a kick in the pants. The Belgians, he said, were stunned by the turn of events.

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OPINION

All His Upstream Swimming Has Toughened Christopher

By Jim Hoagland

WASHINGTON — After two years of swimming upstream in the uncharted waters of the post-Cold War era and occasional floundering, Warren Christopher suddenly acts like a man with the current at his back. Adversity gets him going.

Bill Clinton's secretary of state is a specialist in damage control, not in innovative policy-making. The free-form opportunities that followed the Soviet collapse were alien to his temperament. Problem solving is a familiar territory.

A cynic might argue that damage control is a supply-side operation for the Clinton administration. If the problems that the Republican victory in Congress and the new nationalism of Boris Yeltsin create are not enough to give Mr. Christopher a chance to shine, his aides and rivals in the administration will supply more.

That is the case with the administration's lunge forward on NATO expansion, which is now being rolled back after having upset Mr. Yeltsin for no tangible U.S. gain.

Bosnia's crisis is now so bleak that holding the line, wherever the line happens to be, is a major accomplishment. Ditto for Mr. Christopher's unrelenting efforts to get the Israelis and Palestinians to stick to their autonomy deal and to keep the Israelis and Syrians talking.

This self-effacing Los Angeles lawyer would never see things that way. But in a reflective conversation, Mr. Christopher spoke with uncharacteristic relish about looming policy battles with the Republicans and about carrying out his "major responsibility for keeping America's big power relationships good."

The most immediate battle is over Bosnia, where Senator Bob Dole and other Republicans demand a lifting of the United Nations arms embargo against the Muslim government and air strikes against the Serbs. Mr. Clinton and Mr. Christopher (who initially advocated and then abandoned a lift-and-strike plan for Bosnia) suggest that their Republican critics risk plunging American troops into war in the Balkans.

Lifting the embargo would trigger a withdrawal of the NATO-nation peacekeeping troops now in Bosnia and spark all-out war. That, Mr. Clinton said recently, could force the deployment of up to 20,000 U.S. soldiers to cover the withdrawal. Was the president's unexpected statement a warning to the Republicans as much as it was a reassurance to the allies?

"The president's statement," he

replied in lower fashion, "has been one of a series of things that I hope have brought home to people on Capitol Hill the reality that a unilateral lifting of the embargo has far-reaching consequences."

"I detect a more sober attitude on Capitol Hill," added Mr. Christopher, who recently labeled Mr. Dole's stand the "war" option.

Would he urge a Clinton veto of Dole legislation to lift the embargo? Won't say, was Mr. Christopher's predictable response, followed by: "But we ought to strongly oppose a unilateral lifting of the embargo." In Christopher-speak, that's as close to "yes" as you get.

What about Mr. Yeltsin's unexpected Dec. 6 blast in Budapest at the administration's recent effort to show leadership in NATO by ginning up talk of expanding the alliance into Central Europe?

Mr. Christopher would not concede that Washington misread Moscow and pushed too hard too fast, as others claim. But he did acknowledge that "something happened to make them think that we were going too rapidly" when viewed from Moscow. He will meet with the Russian foreign minister, Andrei Kozyrev, for several days in January, probably in Geneva.

Mr. Christopher's tone was conciliatory, indirectly underscoring reports that the administration is toning down talk of NATO expansion now that the U.S. midterm elections are past. "The hows of NATO membership" will be discussed next year, he said, "not who and when."

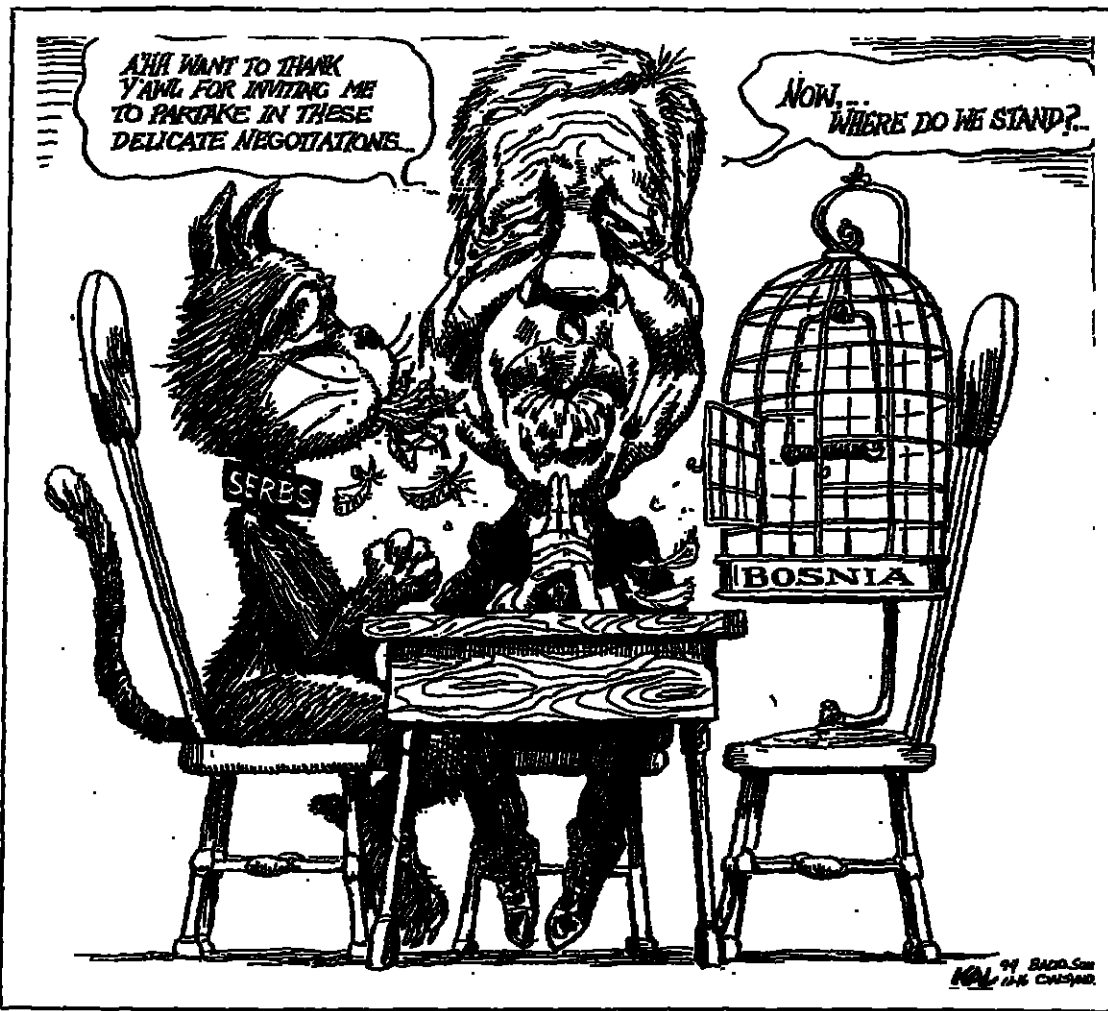
He emphasized the administration's Partnership for Peace plan, which is "not just a transmission belt to NATO membership" for former Soviet satellites but an organization with value of its own.

He said he could not comment on Russian desires for a formal security pact with the United States, an idea which European diplomats say is gaining ground within the alliance.

Biggest disaster avoided in 1994? He smiled uneasily and then referred to Bosnia as "the most serious unresolved matter we have." It would have been "a serious mistake to start a massive bombing campaign" in a situation that would take 200,000 soldiers on the ground to resolve. "I hope that mistake will be avoided as well in the year to come."

So the Clinton administration's chief diplomat is playing defense against the Republicans and against events. It is not a heroic posture, but it is one that Warren Christopher seems to turn to his advantage.

The Washington Post.



Come to Berlin and Learn All About Getting Around

By Karl E. Meyer

BERLIN — Americans who temporarily set up house in Berlin experience a succession of shocks, some pleasant, some otherwise.

Certain prices seem outlandish; laundry detergent and postage stamps are four times the U.S. price. Even so, there are bargains: excellent French table wines at the equivalent of \$3 a bottle, smoked salmon at half the American price, the best British marmalade at \$2 a jar. But then this is what you would expect, since the European Union has slashed tariffs.

What you do not expect, and what is a most agreeable surprise, is the excellence of Berlin's public transit system. It is one of the best urban transport bargains in the world.

Most of the buses on 200 lines are double-deckers. Seats are almost always available, and buses keep to schedules posted at each stop, arriving at 5-, 10- or 20-minute intervals (30 minutes in dead of night).

Not only do these vehicles move with surprising speed on bus-only lanes, but most passengers have passes, so the driver has to collect fares for only one out of 10 — by my informal count.

These passes are the secret of the system. You can buy them in vending machines for the year, month, week or day. The monthly Umweltkarte, or environmental ticket (to discourage use of cars), is fully transferable to other users from Monday through Saturday; it costs 82 Deutsche marks (\$52), and less for residents of former East Berlin.

There are further discounts for seniors, students, apprentice workers, the jobless and welfare recipients, each pass bearing an identifying photograph of the purchaser.

As a passholder, you never have to fuss with change and can scramble from the bus to S-Bahn trains, which are mostly elevated, or U-Bahns, mostly underground.

Or, in Eastern Berlin, you hop aboard fast-moving streetcars, divided into 50 lines. The bus, train and streetcar systems spread through 800 kilometers (500 miles), with free service for passholders in bordering cities like Potsdam.

On buses, drivers glance at passes, but on subway and elevated lines it is overwhelmingly an honor system. Single-ticket holders punch their own tickets in platform machines.

Signs warn passengers that those caught without tickets or passes face fines, but enforcement is sporadic. Doubtless many freeloaders take their chances, but most Berliners pay their share because the fare is fair.

Doubtless, too, the system penalizes tourists, since a single fare good for two hours costs the equivalent of \$2.30, but I have noticed that most strangers catch on quickly and buy the daily or special weekly pass.

When Berlin was unified in 1991, so were subways, buses, streetcars and suburban railway lines. With remarkable speed, the East and West systems were amalgamated.

The system serves a billion riders a year and runs an annual deficit of about \$600 million, which is covered by the City of Berlin. The cost can be readily justified by merely looking at queues at bus stops: Everybody uses the system.

To ride the trains and buses is at once puzzling and chastening for an American. The system developed in a city prostrated by bombers, shattered by the Battle of Berlin, occupied by four wartime victors and sliced in two for nearly four decades.

Yet New York, cultural and commercial capital of the nation that won the Cold War and the last global hot war, cannot even manage an audible sound system in subway stations fit for purgatory.

The New York Times.

LETTERS TO THE EDITOR

The Flow of Information

Regarding "To Combat Hate Broadcasts, Let's Try Propaganda for Peace" (Opinion, Dec. 12) by Keith Spicer:

The suggestion that organizations such as Article 19, the International Center Against Censorship, might be enlisted to advise the UN of hate campaigns that preach violence and to participate in broadcasts that "fight back with facts and balanced comment" is ingenious, but fraught with political pitfalls.

Governmental fear of the "invasion of sovereign airwaves" is only one difficulty standing in the way of establishing a UN broadcasting service that would hope to provide universally accepted "balanced comment." When sensitive conflicts involve vital interests, even democratic governments will not bow to anyone else's interpretation of what constitutes balanced reporting. Consider the notorious censorship by the British government of BBC reporting on Northern Ireland, even

though the BBC has a remarkable reputation worldwide for accurate and balanced reporting.

In spite of this caveat, we welcome Keith Spicer's constructive contribution to this important debate. We support the careful phrasing of his most contentious suggestion, that the jamming of the transmitters of mass killers could only be justified in the most extreme situations: "the emphasis should always be on freedom: on countering evil voices, not silencing them."

There is one method of countering evil voices, simple and inexpensive, which Mr. Spicer surprisingly neglects. The present UN sanctions in Serbia and Montenegro (the Federal Republic of Yugoslavia) include an embargo on books and journals. The exclusion of these voices from the outside world gives nationalist Serbian propagandists free rein. Intellectual and political debate in Serbia has suffered greatly as a direct result. We suggest that whenever the international community imposes sanctions, a clause should be

included exempting materials necessary for the free flow of information.

FRANCES D'SOUZA
Executive Director,
Article 19, London.

Rework the Oslo Accord

Regarding the Washington Post editorial "Caving In to Hamas?" (Opinion, Dec. 9):

The impending collapse of the Oslo accord cannot be attributed solely to Israel and the inaction of the White House. If anything, the agreement has fallen apart as a result of Yasser Arafat's intransigence and dictatorial ways. Statements such as "we must wage a jihad for Jerusalem" and "the intifada continues" hardly reassure the Israeli public.

Mr. Arafat has consistently refused to amend the charter of the Palestine Liberation Organization, which still calls for the destruction of Israel, a direct violation of the declaration of principles. With the increase in terrorist activity and Mr. Arafat's refusal to contain it, most rational

people worldwide now realize that the accord was made in error and needs to be reworked.

ABRAHAM HUSARSKY,
Rehovot, Israel.

Don't Include Greece

Regarding "Threats to Human Rights in Europe Are Threats to Security as Well" (Opinion, Dec. 15):

Surprisingly, Aaron Rhodes includes Greece among those European countries where he sees threats to human rights. It is dangerous for freedom and democracy in Europe to present a state of law like Greece in such a light; it is, after all, the only one of its kind in the region.

Concerning the case Mr. Rhodes cites, that of Nikodimos Tsakalakis, it is for purely ecclesiastical reasons that he was dismissed from his religious functions. He continued to present himself as a representative of the Greek Orthodox Church, though he had no right to do so.

DIMITRIS MACRIS,
Ambassador of Greece, Paris.

ERICSSON

Sales in mobile telephony up 72%

Continued heavy investments in technology

In the third quarter of 1994, Ericsson's order bookings rose again. This twelfth successive rise has further contributed to a 22% increase in order bookings over the first nine months of 1994, compared to the corresponding period of last year.

In the same period, net sales rose by 29%, and pre-tax income soared 88% to SEK 3,492 m. After all deductions, income per share was SEK 10.38.

Though every Ericsson business unit showed an increase in net sales, the Radio Communications Business Area posted the strongest growth, and accounted for more than half of net sales.

For mobile telephony, sales increased by 72%.

Commenting on a very favourable year, Ericsson CEO Lars Ramqvist explained the policy of heavy investment that continues to ensure prosperity:

"A substantial portion of our investment in technology is for the further development of the AXE system and of mobile telephony. As a result of success and profitability in these areas, we can also simultaneously invest heavily in such other areas as broadband, transport and access networks, and systems for operation and maintenance."

Global purchasing agreement to cover 75 cities

Ericsson has signed a USD 300 m global purchasing agreement with one of the leading US communications services providers, MFS Communications Company Inc.

Under the agreement, Ericsson will supply a full range of AXE digital switching equipment and associated systems for expanding the MFS United States and International networks.

The networks, which use Ericsson products, are installed or under construction in 32 cities and three major European financial centres. MFS has plans to expand its services to 75 cities, including 10 international financial centres.

China becomes fifth largest Ericsson market

The People's Republic of China is now a major market for Ericsson — during this year it grew to become the company's fifth largest.

Ericsson has already installed 3 million AXE digital telecommunications lines, and provided a mobile telephone capacity for 1.5 million subscribers in China.

Recent new agreements, worth nearly USD 375 m, include the supply of AXE digital switches, Intelligent Networks,

mobile communications, SDH (Synchronous Digital Hierarchy) transport systems, ATM (Asynchronous Transfer Mode) equipment and a wide area paging system.

The AXE equipment forms part of two significant contracts: one to extend the telecommunications network in the Liaoning Province; the other for use in the Sichuan Province — the largest in China, with 111 million inhabitants.

A wide-area paging network is being provided as a turnkey project covering four regions within the Guangdong Province. It will eventually be expanded to cater for more than a million subscribers.

World round-up

Australia: A new electronic messaging system using an Ericsson MXE platform is giving Vodafone Pty a strong competitive edge in Australia's intensely competitive digital cellular telephone market. MXE stores, notifies and forwards all types of messages — voice, fax, data and text.

Japan: Ericsson is to supply a Personal Digital Cellular (PDC) network to Digital Telephony for a new mobile telephone service. The order, worth SEK 630 m, will mean that four Japanese mobile telephone operators now use the Ericsson PDC system.

Ericsson will also provide equipment to extend the Kansai Digital Phone cellular network, which signed up 50,000 subscribers in its first six months. This order is worth SEK 600 m.

France: Ericsson is to upgrade one of the French Telecom nationwide paging networks with a new EPIMES-based system. It will provide a high-speed service with virtually unlimited capacity, and enable international roaming, savings on battery power and unmatched price/performance.

Lithuania: A SEK 22 m order from Telekom, the Lithuanian PTT, will bring the number of countries using AXE to 111. The order also includes Ericsson SDH transport network equipment and optical fibre cables.

Malaysia: Syarikat Telekom Wireless has chosen Ericsson cellular radio technology for a new network in Malaysia. It is expected that Ericsson equipment worth about USD 436 m will be installed over the next five years.

Korea: The Korea Electric Power Company has ordered an Ericsson EDACS land mobile radio system to improve services to its network in Seoul. The four-site system is the first stage in upgrading the countrywide communications system.

United Kingdom: The UK subsidiary of the Australian telecommunications operator, Telstra, has signed an agreement with Ericsson for the provision of a new telecommunications infrastructure. The system is designed to boost Telstra's international services.

Ericsson will also supply an infrastructure to Eurotel (Southwest), a cable television operator providing services to South Devon. The network, which includes AXE digital switches and MD110 PBXs, will serve a potential 240,000 homes.

Creating new opportunities through co-operation

Ericsson, consolidating its strength in global partnerships, is responding to new market demands by increasing cooperation with its customers.

More and more new and existing operators are keen to make more efficient use of capital investment by forging new relationships with their suppliers.

One example is a partnership with Telecom of Australia, where new tele-services are being jointly marketed with Ericsson. Swedish support includes producing user manuals, and arranging

training for the operator's sales team.

By involving itself with the actual implementation and use of its products and services, Ericsson gains valuable feedback for product improvement, and is better able to tailor its offerings for future customers.

In a similar drive to speed product development, create new market opportunities and use capital investment more effectively, Ericsson is continuing its policy of building partnerships with other world-class telecommunications manufacturers.

A new joint venture with Raychem Corporation of the US, will see Ericsson help develop, manufacture and market fibre optic communications systems for telephone networks worldwide.

The new company, based in California, employs more than 700 people. By combining an existing Raychem subsidiary with Ericsson's technical expertise and international marketing strengths, the venture is expected to take a leading position in the fibre optic communications marketplace.

First wafers from Ericsson's new semi-conductor facility yield good chips

One month ahead of schedule, and only nine months after construction work started, Ericsson's new USD 100 m semi-conductor manufacturing plant produced its first silicon wafers.

The new wafer fabrication facility, or fab, produces state-of-the-art 16 Mbit technology components where the smallest dimensions are 0.5 micron. Each chip manufactured contains more than three million transistors.

Located at Kista in Sweden's silicon valley, the advanced facility will help

extend Ericsson's self-sourcing in advanced micro electronics.

The plant will be used as a rapid prototyping facility for new products, and to manufacture new ASICs, or application-specific integrated circuits, in small volumes — allowing the components of Ericsson telecommunications products to be more highly tailored to market demands.

It will also lead to reduced product development times, making Ericsson more responsive to its customers.

Quality rewarded

The Ericsson worldwide commitment to Total Quality Management has been rewarded in Spain, Denmark, and the Netherlands.

In all three countries, Ericsson companies have won prestige quality awards. Ericsson SA of Spain won the European Quality Prize sponsored by the



High-performance commercial products meet defence needs

In an unusual move, Ericsson has combined two high-performance commercial communications products, and created one suitable for defence applications.

The new product, StaffTalk, is an advanced field exchange for most types of telephone that covers up to 300 metres, and supports up to 100 subscribers. It is based on Preaset, Ericsson's new digital

cordless telephone, and BusinessPhone, a popular business telephone exchange.

Built to the DECT (Digital European Cordless Telecommunication) standard, the cordless system is ideal for defence applications. It uses very low power transmissions, making it difficult to detect, and is fast to deploy. It features encryption to further protect it from eavesdroppers.

European Commission; L.M. Ericsson AS of Denmark won the Danish Quality Award; and in the Netherlands, Ericsson Telecommunicatie BV received the Dutch Quality Improvement Prize.

The award schemes operate on similar principles, recognising that international competition can only be withstood if an organisation implements continuous quality improvements.

Telefonaktiebolaget L.M. Ericsson, S-126 25, Stockholm, Sweden.

Ericsson's 75,000 employees are active in more than 100 countries. Their combined experience in switching, radio and networking makes Ericsson a world leader in telecommunications.

Old Attitudes and Structures Impede Russia's Long-Haul Road to Reform



A Russian dragging his belongings along a Moscow street. A quarter of the population lives at or below subsistence levels.

By Fred Hiatt

Washington Post Service

MOSCOW — During one of Moscow's recent gasoline shortages, as motorists idled in hours-long lines, a city official attacked private gas stations for raising prices too high.

"Of course, there are free prices," the official said, meaning unregulated prices. "But they still have to be agreed upon."

Both the comment and the situation — a gas shortage in a nation swimming in oil — pointed to the uneven nature of Russia's economic reform three years after the Soviet Union's collapse. Despite seismic changes and convincing rhetoric, much remains unchanged. And the persistence of old attitudes and structures is blocking further progress in myriad ways.

These unreconstructed sectors — from agriculture to social welfare to real estate — work together to block creation of new businesses, impoverish the state, keep workers from moving to new jobs, foster corruption and in general prevent the recovery that President Boris N. Yeltsin needs to vindicate the very idea of reform.

"In practically all areas, reform is only at the initial stage, or there's nothing going on at all," said Boris G. Fyodorov, a reformer who resigned in frustration last January from the post of finance minister. "The president hasn't decided what kind of society he wants."

Some observers might consider Mr. Fyodorov's comment exaggerated, but they would agree that Mr. Yeltsin's early policy of promoting reform has given way to a caretaker approach in which stability often seems the only goal.

"Change is occurring in Russia, and it's basically in the right direction," said Charles Blitzer, chief economist here for the World Bank. "It's frustratingly slow at times and frustratingly inconsistent."

The risk, Mr. Blitzer said, is not that Russia will revert to the failed command economy of Soviet days, but that the transition to a more prosperous market economy will take too long.

In some areas, the lack of change reflects consistent ideology. Inefficient and often impoverished collective farms — now renamed "joint stock companies" — endure in part because many Russians believe

the buying, selling and renting of farmland is simply wrong. Parliament does not enact laws needed to safeguard contracts or mortgages because many lawmakers remain deeply suspicious of private wealth.

But as in many countries, change often is stymied because it costs more in the short term than lumbering on the old way.

A further disincentive comes in the profits that Russia's elites reap from the inefficiencies. In an underdeveloped democracy, with infant political parties and a government unresponsive to citizens, such elites — bureaucrats who give out licenses, monopolists who control the grain trade — are especially powerful. The gasoline lines in Moscow and other cities provide a clear example of just how unrenovated Russia's economy remains.

Regular gas in Moscow sells, by mayoral decree, for about 60 cents per gallon. This is much closer to world prices than two years ago, but still well below what Russia's oil could fetch on an open market.

As a result, sales have to be limited by a system of coupons, obtainable with bribes or through official connections. Outside Moscow's Ring Road, where the decree no longer applies, tank trucks set up shop in random locations, charging twice as much for unregulated, and often watered-down, gasoline.

To keep enough oil in Russia at below-market prices, the government also must impose export quotas so that all of Russia's oil is not sold more profitably overseas. These quotas, controlled by Moscow or regional bureaucrats, are extremely valuable commodities — and a notorious source of corruption. At the same time, oil businesses do whatever they can to avoid selling at below-market prices, which accounts for the periodic shortages.

Because it cannot charge full value for its product, the oil industry does not collect enough to repair and rebuild its aging infrastructure. The lack of investment, in turn, leads to steadily dwindling oil production, which limits Russia's badly needed foreign-currency earnings.

At the same time, the oil and gas industry manages to avoid paying much in the way of taxes, even as top executives build luxurious dachas.

And because the sector contributes so little in taxes, other divisions of society — hospitals,

education and science among them — suffer far more than they should during this restructuring period.

The bureaucrats' grip on real estate has a similarly chilling effect. In Moscow and some other cities, residents now may privatize their apartments. As in Communist days, millions of people also own dachas or garden plots.

But in Moscow and elsewhere, the apartment buildings themselves remain municipally owned. Almost all land does, too, even beneath factories that have been privatized. So, again, local bureaucrats throughout Russia control who may set up shop and where, and not nearly enough commercial space is available. As a result, commercial rents in Moscow rival those in Tokyo and New York, although average salaries and living standards are far lower.

The transformation is most obviously slow in farming. With a burst of enthusiasm for private enterprise, enough city dwellers and former collective farmers peeled away from their old lives to form 183,000 private farms by the end of the new Russia's first year. By the summer of 1993, the number had grown to 258,000.

But many private farmers discovered that Russia was not ready for their hard work. Regional or federal monopolies still set prices. Racketeers blocked access to markets. By this summer, the number of private farms had barely risen, to 277,000, and they farmed only 5 percent of Russia's agricultural land.

Russia's social welfare system remains, for the most part, unreformed as well. While one-quarter of the population lives at or below subsistence levels, the government pays child allowances to all families, regardless of income.

In many cases, the government still relies on big factories to maintain hospitals and housing for workers. That says funds that factories could use to modernize production lines, and it ties workers to dying factory towns where their labor cannot be used profitably.

Behind many of these barriers sits the vast bureaucracy that controlled all aspects of economic life in Soviet days. Today, the apparatchiks cannot block grass-roots economic activity, but they can interfere mightily while soaking up a large chunk of the nation's resources.

Demons of Insecurity Haunt a Nation Longing to Be 'Civilized'

By Steven Erlanger

New York Times Service

MOSCOW — Once again, in Chechnya, Russia finds itself in conflict with its own demons — the embodiment of particular national fears and anxieties in what remains a multiethnic empire.

Nationality not only is a category in the Soviet passports that Russians still use as a means for racial and ethnic identification, but is a set of assumptions and ambivalent feelings in Russian heads as well.

In confronting the latest Chechen challenge to Russian sovereignty and reopening a Caucasian conflict that has simmered for 150 years, the Russians are also reopening a Pandora's box of feelings about the restive minorities in their midst, from Muslim Tatarstan to Yakutia in Siberia.

To be sure, every imperial nation has its own collection of ethnic and racial generalizations.

But the Russian demonology finds its special nature in Russians' deep insecurity about their place in the world — culturally, religiously, technologically. Are they a European people or some mongrel Asian one? Is theirs a superior culture, destined to rule, or a besieged one destined to flail forever at relentless enemies burrowing in from every direction?

More painfully, Russians ask if they are "civilized," the way Westerners are, or primitive and somehow inferior, doomed always to lag behind countries like Germany and the United States.

Those worries are heightened in a period of humiliation and dislocation like the one Russia is going through. Having lost one huge

NEWS ANALYSIS

empire and set of beliefs, without entirely understanding why, it now fears to lose even the smaller empire, the Russian Federation itself.

So traditional Russian demons — Chechens and Caucasians, Jews and Asians, foreigners generally — evoke special anxieties now. As Russians enjoy a new form of freedom, there is also a new chaos of uncertainty, and they feel beset on all sides by alien influences and cultures.

Even the new and welcome influx of sophisticated consumer goods, many of them Asian and European, has underlined a strong and sharply embarrassing sense of just how bad "our" Russian products were and are.

It is a form of moral confusion that makes it easier to embrace old myths about themselves — the simple, honest, spiritual Slav — and the ethnic stereotypes that bespeak the

insecurities of both past and present, given that so many of the minorities in the Russian ambit were once conquerors, like the Tatars, or formidable military adversaries, like the Chechens.

So the Chinese and Central Asians are the barbaric, faceless, yellow horde that may once again drown the noble Slavs; Estonians are the cold, icy blondes who should choke on their own contempt; Azeris, cousins of the Turks, are criminal and cheat us at the market, and the Jews are greedy, calculating and so devious that they ruined us by making the Bolshevik Revolution.

Similarly, the predominance of Muslim Chechens in the criminal gangs that bedevil Russia — and the general predominance of Caucasians and Jews in the wild new world of semicapitalist business — have only added to the deep conviction among Russians that they are somehow congenitally unsuited to the modern world.

While Russians may have higher, more spiritual values than other peoples, they feel, they are uniquely prey to the more wily dark-skinned people of the south. And even their spiritual values are threatened, as their children turn from intellectual pursuits to make deals or forsake Russian Orthodoxy for Western evangelists.

This sense of difference is deeply ingrained. The ethnic label "Slav" itself is believed to

have come from "slovo," or word, to signify people with the gift of speech. The label "Nemetsi," meaning "those who are dumb," was given to all other Occidentals, and later, specifically, to the Germans.

Under the czars, and especially under the Soviet Union, the Russians wore their ruling positions arrogantly. They were patronizing to other nationalities, who mostly paid lip service to their overlords. Russians understood, in their hearts, that they were hated by many of those who kowtowed.

Just as Gogol and others lavished contempt on the Jews, the Chechens and Russia's long war to suppress them stirred some of the country's greatest writers.

Tolstoy's marvelous story about a Chechen leader, Hadji Murat, who defects to the Russians and is betrayed by them, offers an acute portrait of the wary relationship, even as the Chechens were losing the war for independence that ended formally in 1864.

From the Russian side, there is admiration for Chechen bravery, intelligence and love for freedom, coupled with the fear of the mad, swarthy fighter, lurking just outside the firelight, sharpening his sword, preparing to cut Russian throats.

As for the Chechens, there is no trust in the honor of Russian intentions, just loathing for the power that ruins their lives.

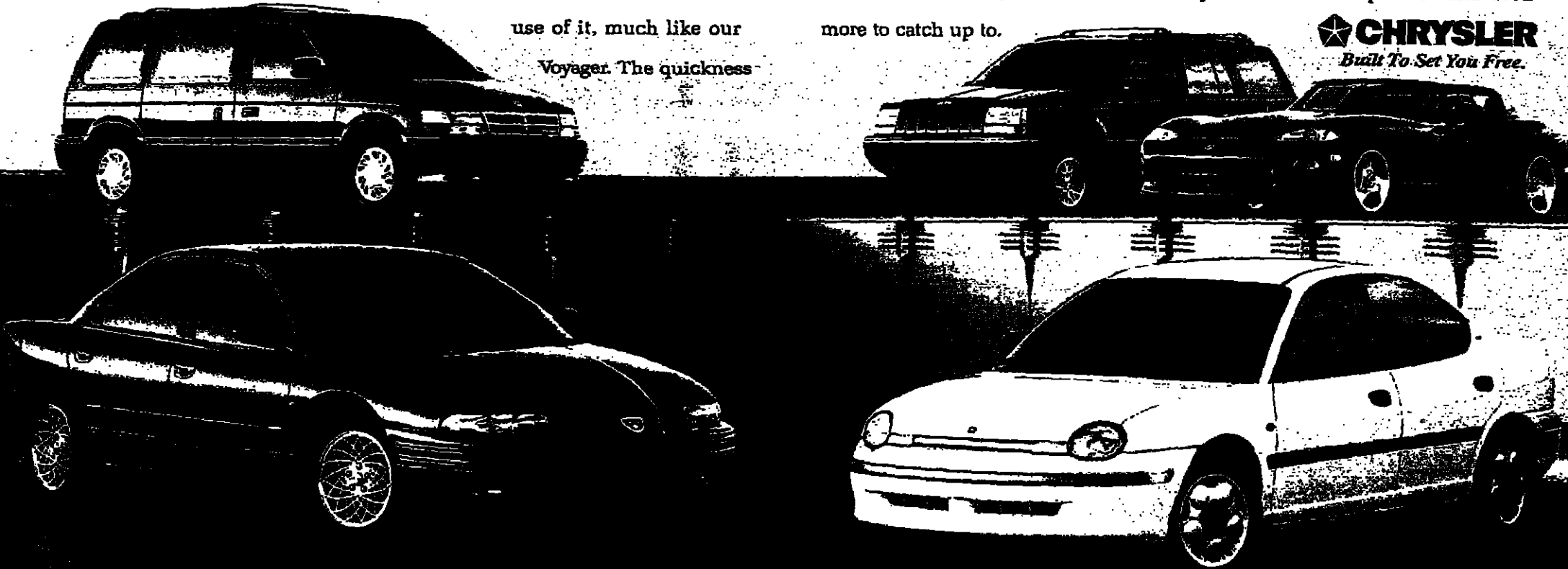
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U.K.-Sinn Fein Talks to Go On

But Discovery of Ulster Bomb Rattles Politicians

By William E. Schmidt
New York Times Service

LONDON — British officials and representatives of Sinn Fein, the political wing of the Irish Republican Army, agreed Monday that peace talks on the future of Northern Ireland would not be sidetracked by the discovery Sunday of a powerful Semtex bomb in a town near the Irish border.

British Army bomb experts defused the explosive, the largest such bomb planted in the province in several months, but its discovery has badly rattled political leaders anxious to hold together Northern Ireland's shaky, nearly four-month-long cease-fire.

The Irish Republican Army adamantly denied any responsibility for the bomb. Rival Irish nationalist and Unionist politicians were quick to blame extremists on the opposite side for planting the explosive, which was discovered outside a furniture store in the border town of Enniskillen.

No group took responsibility for the bomb. It was defused after the police received an anonymous telephone tip.

The discovery came on the eve of a second round of talks in Belfast between the British government and officials of Sinn Fein.

Among other things, the talks were to focus on British demands that the IRA disarm and surrender its huge stocks of weaponry, including large quantities of Semtex, before being able to join

wider political talks on the future of the province.

No specific progress was reported after the meeting on Monday afternoon, but the two sides said they would meet again in January.

British officials called the discovery of the bomb "a most serious incident," but said they did not regard the incident as changing its working assumption that the IRA remains committed to the cease-fire.

British officials said the bomb contained about a kilogram of Semtex and was discovered inside a plastic box along with a half-gallon of gasoline. It was wired to two commercial detonators and electrical batteries. Had it exploded, they said, the bomb would have caused extensive damage.

In Belfast, Protestant politicians said the bomb might have been the work of extremists inside the IRA, who are beyond the control of the Sinn Fein leadership and are determined to wreck the peace process.

Ken Maginnis, a member of the British Parliament and spokesman on security matters for the Ulster Unionist Party, flatly described the bomb as having been manufactured from IRA Semtex and detonators.

But Martin McGuinness, the leader of the Sinn Fein delegation meeting with the British, said he suspected that "dirty tricks" were involved in planting the bomb, suggesting it might have been the work of Protestant provocateurs.

RUSSIA:

War Escalates

Continued from Page 1

local residents. Although food was readily available at kiosks, it was far too expensive for most people, and there were long lines at nearly every state store that sold bread or sugar.

After spurning Moscow's offer of peace negotiations on Sunday, Mr. Dudayev made no public appearances on Monday, although reporters wanted him to comment on new rumors that Russia was planning to send additional troops to the region. When asked to comment on the nature of the fighting, his foreign minister, Yusuf Shamsudin, said, "There has been too much bombing all night long."

Chechen television, before it was knocked off the air by Russian bombers, broadcast detailed information about the most vulnerable place on the Russians' T-72 tanks and advised residents to attack them in any way possible.

The worst fighting took place in Dolinskoe, 20 kilometers west of Grozny. Russian tanks pelted the village throughout the day with fragmentation bombs. By evening, the Russians appeared on the verge of occupying the village, which would give them unhindered access to the capital.

In Shalassuyurt, 16 kilometers east of the city, Chechen fighters have dug deep trenches to ward off expected tank attacks. Russian soldiers were advancing on those trenches, and machine-gun fire could be heard in the distance. Several dozen of the troops were huddled in front of fires against the bitter cold, and many did not even have gloves to wear.

Khusan Isabayev, 34, the commander of the brigade in Shalassuyurt charged with assaulting helicopters with rockets, acknowledged that the "Russians can go to Grozny any time they want."

But he said that they wanted to humiliate Chechnya more than to occupy it, and that that would always remain impossible.

Many residents of the capital appear to agree. They are fond of citing the example of Afghanistan, saying it would be impossible for Russia to occupy the region fully without many soldiers dying, which they view as a political impossibility for Mr. Yeltsin.



A woman buying bread in Grozny on Monday as Russian forces stepped up their assault on the Chechen capital.

Simpson Outburst in Jail Stays Secret, Judge Rules

The Associated Press

LOS ANGELES — The statement that O.J. Simpson shouted to a friend in jail will remain secret, a judge ruled Monday. He also turned down a request to cancel a full-scale DNA admissibility hearing set for next month.

The ruling on the confidentiality of Mr. Simpson's shouted remark to his friend Rosey Grier was a victory for the defense. The DNA ruling was a loss.

The defense initially sought a full-scale hearing on whether scientific genetic evidence should be admitted in Mr. Simpson's trial. But in an about-face, the defense last

week asked to incorporate the issue into the trial before the jury.

Superior Court Judge Lance A. Ito, in a written ruling Monday, rejected the motion and ordered the DNA hearing to begin Jan. 5 outside the jury's presence.

Mr. Grier, a former professional football player and now a minister, was visiting Mr. Simpson on Nov. 13 when Mr. Simpson yelled something that a deputy overheard. The remark has never been revealed.

Judge Ito said in his written ruling that Mr. Simpson was led to believe he had complete privacy when he made an outburst in a jail visiting area.

"Counsel for Simpson now argues Simpson was lulled into a false sense of security in regard to the confidentiality of his communications," Judge Ito wrote. "Under the highly unusual and apparently unique factual setting in this case, with regard to this single incident, the argument is well-taken. The demand for discovery is therefore denied."

Mr. Simpson is charged with murdering former wife Nicole Brown Simpson and her friend Ronald L. Goldman last June.

Judge Ito noted that a sheriff's deputy overheard Mr. Simpson's remarks because Mr. Simpson was yelling, and not

because the jailer was eavesdropping.

"Eavesdropping upon a conversation between a person held in custody and that person's religious adviser is a serious crime in California," Judge Ito said.

But he added that by yelling, Mr. Simpson waived the clergy-penitent privilege of secrecy.

Nevertheless, Judge Ito said, since Mr. Simpson had been guaranteed privacy in the jail visiting area, his confidentiality must be maintained.

The judge did not explain the legal basis for his decision on the DNA hearing but merely said it would change the trial schedule.

GOMA: Japanese Troops Import Serenity to Camps

Continued from Page 1

volcanologists have installed five monitoring stations around nearby volcanoes.

"Our mission is to conduct this operation successfully," said Colonel Mitsunobu Kamimoto, the Japanese commander here. "If our operation succeeds, Japan will conduct more humanitarian operations."

The Japanese Self-Defense Force sees itself as particularly well suited for this type of humanitarian mission, since in Japan the soldiers are routinely called upon to assist after natural disasters like earthquakes and volcanic eruptions.

The mission was made possible after the UN High Commissioner for Refugees, Sadako Ogata, made an impassioned appeal during a one-week vacation in her native Japan that Tokyo assist in the Rwandan crisis not simply with money but also with manpower.

"Without Mrs. Ogata, I don't think the Japanese Self-Defense Force would have been mobilized for this type of activity," said Mr. Nagawa, a UN refugee agency officer in Tokyo who was dispatched here to act as liaison between the Japanese troops and international relief agencies.

But as in the two previous cases when Japanese troops went overseas, this mission has attracted controversy back home, particularly among legislators and others who see in it a heightened military role, and a possible violation of Japan's postwar "peace" constitution.

Members of Parliament and officials from the prime minister's office have visited, and the 260 soldiers have been closely watched by an almost equal number of Japanese journalists. Many were waiting mainly to see if this operation might mark the first time since World War II that Japanese troops would be forced to fire their weapons in hostilities.

The Japanese have faced no conflict, although they, like other relief workers, say gunfire is heard nightly. "Sometimes near this camp, we hear rifles, even hand grenades," said the press

officer, Major Katsuyuki Kamiguchi.

Colonel Kamimoto, the commander, said security in the camp was one of his biggest worries.

The only Japanese casualties in the Goma operation have been two journalists, whose chartered plane crashed.

Besides the security concerns, the biggest problem facing the Japanese is their inability to communicate with refugees, or Zairians, who speak French.

Officers say only one soldier in the 260-man contingent speaks French, and while many have studied English, few claim to speak or understand it well.

Some of the Japanese, including First Lieutenant Michiaki Okazaki, have tried to learn some Swahili, which is widely understood by Rwandans.

At the Kiuku refugee camp, where Japanese are digging drainage ditches, Lieutenant Okazaki carries a list of phrases in Japanese, Swahili and Kinyarwanda, and draws a crowd of screaming children as he practices saying "Good morning" and poses for snapshots with children while shouting "I love Rwanda!" in English.

Many residents of the capital appear to agree. They are fond of citing the example of Afghanistan, saying it would be impossible for Russia to occupy the region fully without many soldiers dying, which they view as a political impossibility for Mr. Yeltsin.

CHINA: Nationalistic Rancor Rises in Beijing Amid Uncertainty on Deng

Continued from Page 1

nationalist in these circumstances," said Michel Oksenberg, a White House aide on China in the Carter administration and now president of the East-West Center in Hawaii. "I think in each major dimension of relations with China, one can expect to see recalcitrance as Chinese leaders and the various contestants for power position themselves to make sure they don't lose their nationalist bona fides."

Chen Yizi, a longtime top Communist Party official now living in the United States, said: "I believe that the situation in China right now is in a very delicate state."

"No matter what, Deng's health isn't going to get any better. The second reason for the fragility of the situation is that there is a series of sensitive problems facing Chinese society, for instance: inflation, corruption, and the legacy of the June 4, 1989, incident," the military crackdown on student-led prodemocracy demonstrations at Tiananmen Square.

"If something goes even slightly wrong with the handling of these questions," he said, "the consequences will be severe."

Mr. Deng's declining health, a Western diplomat added, "has been a factor for the last year, but more so in the last few months — everything is just waiting."

Western officials say that the 90-year-old paramount leader is extremely frail and that his doctors are using life support systems to sustain him. Mr. Deng reportedly suffers from advanced Parkinson's

disease and other ailments. Mr. Chen said his sources had told him that Mr. Deng has suffered from progressive kidney failure since October 1992 and undergoes frequent dialysis.

The Chinese government and members of Mr. Deng's family continue to maintain that he is in good health, but Western officials indicate that he has markedly weakened.

Harsh sentences — including one for 20 years — were handed down last week to nine prodemocracy dissidents who had been held in jail for 30 months. The punishment followed the sentencing of Gao Yu last month to six years in prison. Ms. Gao, a prominent journalist who was invited to Columbia University as a visiting scholar this year, had written articles about the political maneuvering of China's leaders for Hong Kong-based magazines.

Hu Shigen, a 39-year-old lecturer at the Beijing Languages Institute, received the heaviest sentence, 20 years, for "spreading counterrevolutionary propaganda."

Robin Munro, the Hong Kong director of Human Rights Watch, called the sentences "appalling and severe."

The other dissidents sentenced on Friday received terms ranging from 3 to 12 years. Five others were convicted and released, and one was placed "under surveillance" for two more years.

China's leaders, who certainly approved of the length and the timing of these sentences, appear to be warning dissidents and intellectuals that the slightest chal-

lenge to the party in this sensitive season will be severely punished.

China's most vocal campaigner for democracy and free speech, Wei Jingsheng, remains a captive of the State Security Ministry, which refuses to charge him or release him. Mr. Wei was initially released in September 1993, after serving more than 14 years in prison, but was rearrested in April.

Chen Ziming, one of two dissidents released from 13-year prison terms last spring, remains a captive in a tiny apartment where as many as 56 policemen have kept him under guard and surveillance. Mr. Chen and Wang Juntao, sentenced in 1991 to 13-year prison terms, were accused of being behind the Tiananmen Square uprising. They were released on medical parole, and Mr. Wang went to the United States for treatment.

Although Commerce Secretary Ronald H. Brown announced in August that he had won China's commitment to renew its dialogue with Washington on human rights, four months later the dialogue has produced no results.

The State Department's top human-rights official, John Shattuck, has announced that China agreed to resume talks with the International Committee of the Red Cross to allow access to thousands of political prisoners. But China has yet to resume negotiations with the Red Cross. And no date for a meeting in 1995 has been set.

HUNT: U.K. Police Go After Animal Rights Protesters

Continued from Page 1

4,000 protesters, trying to disrupt about 50 of Britain's 340 hunting expeditions each week.

Some of the better known hunts have hired security men who patrol in Land Rovers to keep the saboteurs away. Although fox hunting, traceable to the 1600s, is sometimes called the English national sport and serves as a social magnet for the horse set, it is not widely popular among everyday people.

Fox hunting is still the preserve of the aristocracy. The hunt saboteurs seem mostly to come from the other side of the social divide.

Prince Charles infuriated animal rights groups by taking his two sons, Prince William, 12, and Prince Harry, 10, fox hunting in October. He said he wanted his children to learn about "the thrill of the hunt."

More than 100 opposition Labor members of Parliament signed a motion regretting his action.

Each Friday, Mr. Thomas, the saboteur, scans the listings of hunts in Horse and Hound, a circular in a town on a map and leads a convoy of old vans bearing a dozen young protesters.

One recent weekend, he chose Vine and Craven, a hunting ground that covers a radius of 5 to 10 miles in the hills and dales 75 miles west of London.

Mr. Thomas eschews the battle paraphernalia of other saboteur groups — the ski masks that hide identities and lend an air of menace and the special trumpets and cans of Anti-Mate, an animal repellent, to draw the hounds off the scent.

He relies on speed and travels light. "We just stick as close as we can to the hounds," he said. "And at the key moment, when

they're on to the fox, we try to take control. It's all done by imitating the huntsman's call."

An hour later, the group tracked down the hunt. A fox, allegedly, was hiding somewhere in a thickly wooded dell. The hounds were running helter skelter, the hunters were positioned on all sides, and the saboteurs poured over a fence to the rescue.

They set off a chorus of high-pitched two-note bleats — the equivalent of "come here" in houndspeak. Sure enough, a handful of the hounds abandoned the chase and came bounding over. They looked confused and soon ran back. The hunters looked down their noses, as if at vermin.

By the day's end, Vine and Craven did not catch a fox. But that seemed to have more to do with the fox's ability to lie low than with the saboteurs' success at confusing the hounds.

URANIUM: Material Is Seized

Continued from Page 1

of weapons-grade material here. "It would appear from the initial analysis done by the Czechs that it is indeed top-of-the-line quality," said a spokesman for the energy agency in Vienna, David Kyd. "That is reason on our part for concern simply because it would indicate that there is a source available for such material."

But, he added: "To make a warhead you need 25 kilograms, so this amount, although seemingly significant, is well below what you would need for weapons purposes."

Uranium pellets, as well as very small quantities of plutonium, have come on to the black market in the past year, but this is unusual in terms of its composition and the size of the consignment," Mr. Kyd said. (Reuters, AFP)

CARTER: He Says Bosnian Serbs Accept Immediate, 4-Month Cease-Fire

Continued from Page 1

called for the lifting of international economic sanctions on the Serbs in exchange for their compliance with a series of UN Security Council resolutions that have no relation to a settlement of Bosnia's war.

From the first announcement of Mr. Carter's visit last Thursday, Bosnian Muslim officials have expressed fear that Mr. Carter, who is not familiar with the Balkans, would come to Bosnia and end up, unwittingly or not, aiding the Serbs. Some have said they worried that the Clinton administration was employing Mr. Carter's visit as a method to move its policy away

from its backing of the Muslim cause to one closer to the European position, which contends that the Serbs have won the war and that any settlement is better than continued bloodshed.

The key issue Monday was an international peace plan, brokered by the five-nation "contact group" made up of the United States, Russia, Germany, Britain and France. Under the terms of that agreement, the plan would divide Bosnia roughly in half between the Serbs and a federation of Croats and Muslims. Serbs, who occupy 72 percent of the country, would see their holding decrease by about one-third. Bosnia would still remain

an integral country, but the Serbian part would be guaranteed political, economic, social and cultural autonomy from the Muslims and the Croats.

Despite these provisions, the rebel Serbs reject both the idea that Bosnia should remain one country and the actual division of the territory. Instead, they want independence and the right to join in some kind of a confederation with Serbia. The main backer of Yugoslavia's wars of secession, the Serbs also want better territory — including more mines, factories and urban centers despite the fact that most Serbs lived on farmland in Bosnia before the war.

Since August, when the Serbs self-styled Parliament formally rejected it, the Serbs have fought against the plan.

Under the terms of a deal signed by Mr. Carter, Mr. Karadzic and Ratko Mladic, commander of the Bosnian Serbian army, the Serbs agreed to accept the "contact group" plan as a "basis" for further talks with the Bosnian Muslims, in exchange for reopening Sarajevo's airport, a cease-fire leading to a complete cessation of hostilities, the free movement of aid convoys, and the complete freedom of all people "regardless of age, sex or ethnic origin to choose where they wish to live," among other things.

Herald Tribune

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From left, Nina Ricci's floral-stripe stockings with taffeta dress; legwear from Valentino, Gianni Versace, Christian Lacroix and Donna Karan.

Some Christmas Stocking Stuffers: Legs

PARIS—This is a bumper year for Christmas stockings — not the kind that Santa fills with toys, but the sheer glamour of lacy hosiery.

The ubiquitous little black dress is no longer complete without equally well-dressed limbs. Spiderwebs of intricate lace or a simple stripe running down the side enliven party hose for the end-of-year festivities.

Stretch fabrics that gleam and shimmer, fancy lace, a scattering of flowers or even fantasy patterns, from skulls to teddy bears, make legs a focus of attention.

Society has come a long way since the Victorian era, when a glimpse of stocking was something shocking. But now that short skirts have become absolutely acceptable in the Western world, there is something seductive and audacious about decorating the revealed legs.

"It is a way of dressing up short dresses," says Christian Lacroix, one of the first designers to fancy up the legs with a trace of lace.

"As soon as I see a blank surface, I have to decorate it," he claims. "But the reference was to the 19th century, when stockings were erotic."

Lacroix's lacy fantasies have includ-

ed the patterned effect of Victorian soubrette's stockings on panty hose, as well as the delicate designs you might expect to find on the finest lingerie.

Valentino, too, has taken inspiration from the boudoir for the flowery lace hose that he showed coquette-style with feather-trimmed ankle boots. Valentino also made sturdier patterned hose to blend in with daytime looks —

SUZY MENKES

but still with feminine floral patterns rather than the plain opaque finish that is more familiar.

Gianni Versace took a shine to legs — as well as clothes. His silvered stockings gave an eerie phosphorescent glow to legs that matched the spirit of his cyberspace collection. Shiny vinyl, lacquered silk and metal mesh dresses were finished off with shimmering hose and shoes.

From Versace came another of the legwear trends: hold-up hose. The over-the-knee stockings (call them super-high socks) have a disconcerting Lolita look to them — especially when shown on the runway with baby-doll dresses and Mary Jane shoes. But this unlikely style has been taken up on the streets or in clubs. For daytime, in thick knit, the hold-up stockings are just a variation on the leg warmers

worn in dance exercise class. At night, they give the look of stockings (without the garter belt). The flash of flesh at the thigh is something new for the party-hose generation.

The undisputed queen of legwear is New York's Donna Karan. She is the designer who made the working woman's wardrobe work — by creating the right foundations. She made a smooth connection between underwear and outerwear with the mat-black hose and bodysuit that she pioneered in the 1980s. It created a new attitude to career clothing, for with those undergarments as the backdrop, a wrap skirt and jacket could be juggled along with other easy pieces.

For her fall DKNY sportswear line, Karan showed hold-up hose — but in imaginative ways, including as a stretch-stocking boot, so that shoe and hose were all in one. (At Chanel, Karl Lagerfeld had created a similar effect by making an over-the-knee tweed boot — just as he had created the "skin dress" as a new generation of bodywear in his KL collection.)

Now Karan is moving on. Having broken the smooth line from torso through the feet with the hold-up stockings, she started experimenting with the bared leg. For her fall collection, she promoted nude hose — last in

fashion when suburban housewives wore tan stockings.

"I feel like I gave my leg a face-lift," she said, to explain the effect of an ultra-sheer Lycra that gave the desired nude effect in a modern way. This new development means the microfine 3-D Lycra with stretch in every stitch, rather than alternate stitches, giving greater dynamism.

High technology is the key to making the current legwear look new — rather than something that belongs in the can-can era of the Moulin Rouge or on the stage at the new revue at the Paris Lido. Du Pont's Lycra revolutionized expectations of comfort and performance, but as with the rest of fashion, women now seem to be yearning for something feminine and frivolous, as well as practical.

THE choice available at hosiery counters is now overwhelming. So how to choose a Christmas stocking — to go with current fashions or as a gift? For daytime, tartan tights from Ralph Lauren or Calvin Klein's argyle stockings make a cheerful splash of pattern against plain wool skirts — especially if they fall to midcalf or are the so-called "new length," with the hemline on the knee. Such country plaids go naturally with clumpy shoes and boots that are now also worn in the city.

Strictly for teenagers and the early 20s (and for those with slim legs), are the white tights, redolent of the swinging 1960s, or the Lolita-style hold-up hose.

For evening, any stylish, sophisticated woman can play with the lace patterns — Lacroix signature hearts-and-crosses designs or Valentino and Versace flowers. On the same principle as plain hose with plain clothes, the fancy tights look good with wispy lace lingerie-inspired dresses.

Although designer hose come at high prices, similar effects can be found at mainstream stores, where styles range from bold arabesques of decoration down to a mere shadow-play of pattern or faint stripes.

Decorative hose come as socks, as well as stockings, and even for women who find the idea of the decorated leg too fanciful, a flash of lace at the cuff of black pants can be effective. In fact fashion seems to have come full circle in the course of the century. Since skirts started to rise in the flapper era, women have revealed (almost) everything. But now that the raised hemline barely raises an eyebrow, covering up can seem much more seductive.

One hundred years after showing the ankle seemed the height of excitement in the Naughty '90s, a brief flash of lace beneath tuxedo pants is the modern woman's way to refresh a jaded palette.

CHESS

By Robert Byrne
VALERI SALOV beat Anatoli Karpov in Round 9 in the Polugayevsky Tournament. In the Richter-Rauzer Variation of the Sicilian, characterized by 6 Bg5, the branch with 8...h6 is noted for making it difficult for White to press any initiative: 9 h4 is considered an unsound gambit after 9...Ne4! 10 Qf4 Ng5 11 Nc6 bc 12 Qd4 Qb6 13 f4 Nh7 14 f5 Rb8.

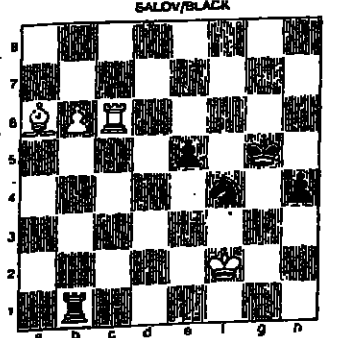
The fearsome-looking 9 Bf4 is restrained by 9...Bd7, a major tactical point being that on 10

e5 by 19...Qf5! 20 Qf5 of 21 Rd4 Bb6 22 Rd3 Bc3 23 Re3 Nf4, which saddles White with an isolated e pawn and yields Black pressure against the white kingside. But after the actual 19 Rd4 Bf4 20 Bf4 Qf4 21 Qf4 Nf4 22 g3 Ng6 23 Kd2 Ne5, Salov had the slight advantage of the more solid pawn structure.

In relying on 28 Rh5, maybe Karpov overlooked that 28...Rg3! 29 Kf4 Rg1 could not be exploited by 30 Re5? in view of 30...f6 31 Rf5 e5. Or was this part of a deep plan with 30 Nd5 Bc5 31 ed Ng6 32 Kc3 Rg3 33 Kf2 Rg5 34 Rb4! to create a counterattack?

After the reduction of material ending in 42 Bb5, Karpov was a pawn down, but the black pawns were split and the white bishop should have been potent in advancing the b2 pawn while it interfered with the progress of the black pawns.

Salov's finish was cute: after 64...h3! 65 Kg3 Rg1 66 Kh2 Rg2 67 Kh1 Nh5!, the threat of 68...Ng3 shattered all resistance. Karpov gave up.



Position after 64 Kd2

Nc6 Bc6, White gets no advantage from 11 Bb6 Bb6 12 Qd6 Qd6 13 Rd6 Bc4.

A piece of important knowledge for using this defense is that on 14 ed Nd5 15 b4 Nf4! 16 Rd8 Bb8 17 h4 O-O 18 Qc3 Nd5, Black's rook-plus-bishop and chances for a mating attack compensate for the white queen.

Salov's new move, 14...Rc8!?, was logical in aiming immediately for counterplay against the enemy king. After 15 Qg3 d4!, Karpov was persuaded not to go into 16 Qg7! Rg8 17 Qh6 dc 18 Bc3 Nd7 because in the middle game the three pawns he gets for a knight will not be as strong a weapon as the piece. After 17 f4 Nh5 18 Qd4 Qf6!, Salov would have rebutted 19

SICILIAN DEFENSE			
White	Black	White	Black
1 Nf3	15	35 a4	60
2 Nc3	16	36 b5	61
3 Bc4	17	37 c6	62
4 Nc6	18	38 Bb6	63
5 Bb5	19	39 Rb3	64
6 Bg5	20	40 Bc2	65
7 Qc2	21	41 Bb3	66
8 h4	22	42 Bb6	67
9 Bf4	23	43 Bb3	68
10 Qf4	24	44 Bb3	69
11 Nc6	25	45 Bb3	70
12 Qd4	26	46 Bb3	71
13 f4	27	47 Bb3	72
14 Bb5	28	48 Bb3	73
15 Bb6	29	49 Bb3	74
16 Bb3	30	50 Bb3	75
17 Bb3	31	51 Bb3	76
18 Bb3	32	52 Bb3	77
19 Bb3	33	53 Bb3	78
20 Bb3	34	54 Bb3	79
21 Bb3	35	55 Bb3	80
22 Bb3	36	56 Bb3	81
23 Bb3	37	57 Bb3	82
24 Bb3	38	58 Bb3	83
25 Bb3	39	59 Bb3	84
26 Bb3	40	60 Bb3	85
27 Bb3	41	61 Bb3	86
28 Bb3	42	62 Bb3	87
29 Bb3	43	63 Bb3	88
30 Bb3	44	64 Bb3	89
31 Bb3	45	65 Bb3	90
32 Bb3	46	66 Bb3	91
33 Bb3	47	67 Bb3	92
34 Bb3	48	68 Bb3	93
	49	69 Bb3	94
	50	70 Bb3	95
	51	71 Bb3	96
	52	72 Bb3	97
	53	73 Bb3	98
	54	74 Bb3	99
	55	75 Bb3	100

BEYOND THE PROMISED LAND: Jews and Arabs on the Hard Road to a New Israel

By Glenn Frankel. 416 pages. \$24. Simon & Schuster.

Reviewed by Christopher Lehmann-Haupt

BY the main title of his book, "Beyond the Promised Land," Glenn Frankel means that in the last seven years, Israel has undergone a deep change, from "a small, collectivist, mobilized garrison state under siege to a more open, pluralistic, bourgeois and democratic society."

In other words, Israel has been forced by events to go beyond "the old Zionist state" perceived as a utopian ideal to "a new post-Zionist Israel" that is part of the real world.

This break is a result, he argues, of several other momentous changes: the rise of new political forces in Israel; the fall of the Soviet Union and the arrival of nearly half a million Jewish immigrants; the death of socialism and the birth of a market economy; the defeat of Iraq in the Gulf War and the ascendancy of the United States, and perhaps most significant, alterations in the Arab world, beginning with the Palestinian uprising known as the *intifada*, which literally means "shaking off" in Arabic.

This eruption Frankel, a re-

WHAT THEY'RE READING

• Adrian Henri, Liverpool poet and painter, is reading "Selected Poems" by Carol Ann Duffy.

"I think she's the best young poet writing in Britain today. There's the added bonus of some new poems written from the point of view of the wives of famous men — from Mrs. Midas to Mrs. Darwin." (Roderick Conway Morris, *THY*)



porter for The Washington Post who has spent many years in Israel, considers to have been a spontaneous boiling over of rage at Israeli oppression on the West Bank and in Gaza. Yet paradoxically, he says, the *intifada* empowered the Palestinians to set forth on the path that eventually led to the handshake

on the White House lawn in September 1993 between Prime Minister Yitzhak Rabin of Israel and the leader of the Palestine Liberation Organization, Yasser Arafat.

As one Palestinian leader told the author: "We'd been fighting these people for decades and yet we didn't know

them. We thought we could learn. The *intifada* made it possible by creating a sense of power inside us, a sense of equality with them. It wasn't master and slave anymore. We could talk."

To illustrate his thesis, Frankel examines these various changes by focusing on some of the people and places he has come to know in Israel over more than two decades.

For instance, his close-ups of Israeli soldiers and Palestinian community leaders powerfully dramatize the impossible dilemmas forced on both sides by the *intifada* rioting and its brutal repression.

His portraits of disillusioned kibbutzniks and striving businessmen give the reader a sense of how the economy changed as the old dream of a vast cooperative farmland was gradually abandoned.

Most fascinating of all is Frankel's penetrating account

of how and why Prime Minister Yitzhak Shamir and his Likud Party blundered in its dealings with the Bush administration and thus gave way to Rabin's Labor Party administration, which was slightly more amenable to peace negotiations.

Intelligent too is his interpretation of the complex roles played by the conservative religious parties throughout the turmoil.

Frankel's narrative doesn't exactly lift the reader off the page. He neglects to convey the sense of the physical setting of Israel that, say, Amos Elon does in "To Jerusalem and Back."

His portraits of the principals are more functional than sparkling. You slog through his text picking up facts as if they were stones for a new Jerusalem.

The history that Frankel relates is coherent and dramatic. Particularly provocative is his

point that by the time the Israelis and the PLO reached agreement, American Jews had lost touch with what was going on.

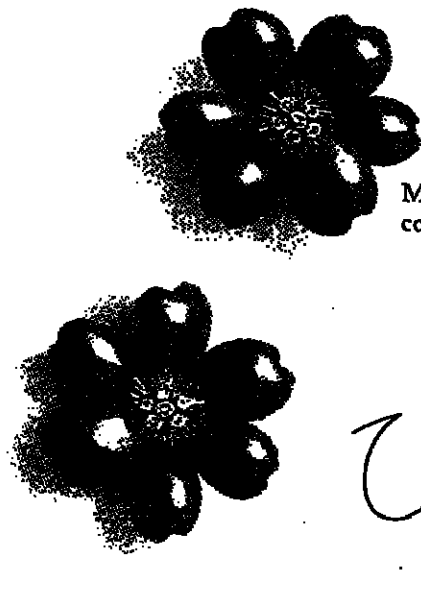
Whether or not this is fair, you reach the end of Frankel's narrative as if emerging from a dark tunnel into a landscape that has been radically transformed. As he presents Israeli attitudes, possession of the territories doesn't seem so essential anymore, if only because Iraq's attack with Scud missiles during the Gulf War demonstrated the irrelevance of territory as a buffer zone.

Whether or not peace eventually comes to the Middle East and Frankel's vision of a land beyond the promised land is fulfilled, his book shows why ineluctably the parties had to take the gamble that peace could happen.

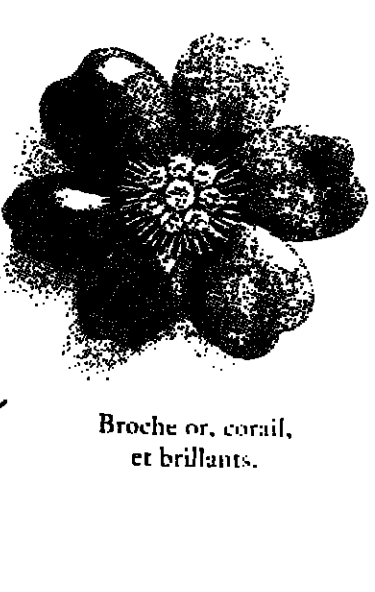
Christopher Lehmann-Haupt is on the staff of The New York Times.

Les Roses de Noël

Motifs d'oreilles, or, corail et brillants.



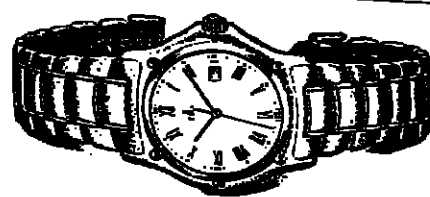
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BUSINESS

International Herald Tribune, Tuesday, December 20, 1994

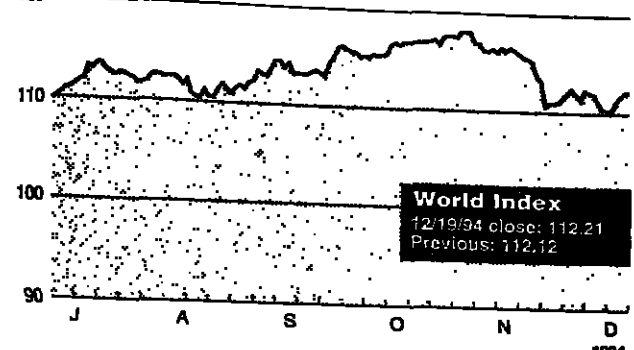
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EBEL
the architects of time



THE TRIB INDEX: 112.21

International Herald Tribune World Stock Index, composed of 250 internationally investable stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



World Index
12/19/94 close: 112.21
Previous: 112.12

Asia/Pacific
Approx. weighting: 32%
Close: 124.23 Prev: 123.61

Europe
Approx. weighting: 37%
Close: 112.79 Prev: 112.51

North America
Approx. weighting: 28%
Close: 95.97 Prev: 96.21

Latin America
Approx. weighting: 5%
Close: 128.67 Prev: 130.71

World Index
12/19/94 close: 112.21
Previous: 112.12

The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and other major financial centers. The index is composed of the 250 top issues in terms of market capitalization, otherwise the top 100 issues are tracked.

Industrial Sectors

Sector	Mon. close	Prev. close	% change
Energy	113.26	112.83	+0.38
Utilities	125.67	125.87	-0.16
Finance	112.72	112.41	+0.28
Services	112.00	112.28	-0.23
Capital Goods	113.41	113.52	-0.10
Raw Materials	128.93	130.30	-0.28
Consumer Goods	102.82	102.75	+0.07
Miscellaneous	115.30	114.31	+0.87

For more information about the index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92251 Neuilly Cedex, France.

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BMW to Drive Rolls-Royce Cars German Firm Will Supply Luxury Autos' Engines

By Erik Ipsen
International Herald Tribune

LONDON — For the second time this year, the maker of BMW cars has helped itself by coming to the aid of the British automobile industry. Bayerische Motoren Werke AG announced Monday that it would supply Rolls-Royce Motor Cars Ltd. with the massive V-8 and V-12 engines it needs to power its luxury cars.

For Rolls, a subsidiary of Vickers PLC — which makes tanks for the military, among other things — the announcement was a long-expected acknowledgment that it could no longer bear the cost of developing engines on its own.

For BMW, the deal represents an additional outlet for its top-of-the-line engines — and a little added prestige.

"It does no harm at all to BMW customers to know that Rolls-Royce is using some of the same engines," said John Lawson, an auto industry analyst at DRI/McGraw Hill.

Some, however, insisted that for BMW, the accord paled in comparison with the deal the Munich-based company announced in January, when it bought Britain's last large-volume carmaker, Rover Group PLC, for \$200 million (\$1 billion) from British Aerospace PLC.

As Rover's fortunes have improved and sales of its four-wheel-drive Discovery and Range Rover models have soared, that acquisition has looked better and better for BMW.

"The price they paid for all of Rover is basically equal to the cost of developing a new four-wheel-drive vehicle," said Sarah Middleton, an analyst at CS First Boston. She said BMW got not just a

successful four-wheel-drive vehicle but the whole car company. "It was the deal of the year," she said.

Some also have praised BMW for its decision to set up production in the United States, its largest export market. Keith Hayes, an analyst at Merrill Lynch & Co., said BMW and its rival, Mercedes-Benz AG, had led the European car industry in trying to make their production worldwide. He also said, that in

a way, they were the most unlikely pair to do so.

"They have the most to be complacent about," Mr. Hayes said. "They are the two companies that have achieved the greatest success in selling European-made cars abroad."

Others said BMW had managed increasingly in recent years to outperform Mercedes's parent, Daimler-Benz AG.

In head-to-head competition in the car market, BMW's 3-series has held its own against Mercedes's new C-class cars. And in broader corporate terms, while Daimler has been burdened with its unprofitable AEG AG appliance-making unit and its struggling Fokker NV air-

craft arm, BMW has pressed ahead with plans to make jet engines with Rolls-Royce PLC (which is not related to Rolls-Royce Motor Cars).

"Put alongside Daimler, it is BMW that has made the more sensible moves," said Bob Barber, an analyst with James Capel & Sons Ltd.

He said Daimler's earnings had fallen in five of the last six years, compared with two down years in the last six for BMW. And, unlike either Daimler or Volkswagen AG, BMW had managed to stay profitable throughout the recession.

Such comparisons are made all the more painful for Mercedes by the fact that in Rolls's year-long search for an engine-maker, it was Mercedes that was long thought to have the inside track.

With Rolls-Royce and Bentley production totaling only 1,500 cars a year, the deal may not be a major one in volume terms, but the result is still significant.

BMW's successes have come in the face of increasing competition in the luxury-car market. Analysts have complimented the company for its performance not only against Mercedes but also against Toyota Motor Corp.'s up-market Infiniti division and Nissan Motor Co.'s Lexus.

"There is always room for niche players like BMW," Merrill's Mr. Hayes said. "The problem is that niche volumes in the upper end are rising."

In addition to the two Japanese competitors, he cited Ford Motor Co.'s push via its Jaguar unit and that of General

See ROLLS, Page 12

Chinese Firms Vow to Contest Suit by Lehman

By Kevin Murphy
International Herald Tribune

HONG KONG — A leading Chinese industrial group threatened Monday to contest a suit by the U.S. securities house Lehman Brothers Inc. that has helped to sour foreign investors' perceptions of China.

Two metals and minerals trading companies of the group said they would contest a \$52 million lawsuit filed against it in New York.

The case, now widely watched as a barometer of corporate China's willingness to honor contracts and pay its debts, will see the state-backed China National Metals & Minerals Import & Export Corp. and Minmetals International Non-Ferrous Metals Trading Co. fight charges alleging liability for losses sustained in derivative trading in May and June this year.

"We intend to respond vigorously to Lehman's claims, which we believe are entirely without merit," said Cao Yongfang, president of Minmetals.

Minmetals said that it might pursue counterclaims against Lehman's alleged "improper and unfair marketing, trading and investment advisory services."

The company suggested that a young trader had been "lured" into increasingly risky trades beyond his expertise, Bloomberg Business News reported.

Minmetals has retained Kaye, Scholer, Fierman, Hays & Handler, a New York-based law firm, to represent it. The firm specializes in litigation involving derivative securities.

Lehman did not comment Monday on the case but has said previously that earlier successful trades conducted by Minmetals demonstrated its awareness of the risk involved in such transactions.

Lehman's decision to resort to suing the two Minmetals companies and China United Petroleum Chemicals for a separate \$44 million claim in Federal Court in New York is a rare public move and has brought the frustration of some foreign businesses encountering diffi-

culties with Chinese companies into the open.

The credit-rating company Standard & Poor's Corp. earlier this month noted a string of disputes over breach of contract, as well as reports that a group of 31 foreign banks had appealed for help from China's deputy prime minister, Zhu Rongji, in recovering \$600 million in bad debts owed them by state industries.

Standard & Poor's said these developments should be reflected in assessments of China's sovereign credit rating.

"The perception that some Chinese companies will walk away from their obligations is out there in the market," said a fixed-income securities analyst in Hong Kong. "It means it will

See LEHMAN, Page 13

Caesars World Soars on ITT's \$1.7 Billion Bid

The Associated Press

NEW YORK — Caesars World Inc.'s stock price leaped 46 percent Monday after ITT Corp. offered to buy the big casino operator for about \$1.7 billion, in a major expansion of the conglomerate's hotel and entertainment business.

The friendly bid would unite one of the best-recognized names in gaming with ITT's Sheraton hotel chain.

ITT said that in light of the deal, it would scrap plans to build a \$750 million resort on the Las Vegas Strip. It had announced in May it would build a large resort next to its Sheraton Desert Inn.

ITT offered \$67.50 a share for all of Caesars' stock, a 49 percent premium to its closing price of \$45.25 a share Friday. Caesars shares soared \$20.75, to \$66 in heavy trading, while ITT slipped 37.50 cents, to \$81.50.

ITT has been expanding its lodging and entertainment businesses as it seeks a balance between that division and its insurance and manufacturing units.

Thinking Ahead / Commentary

Bigger EU Awakens de Gaulle's Ghost

By Reginald Dale
International Herald Tribune

WASHINGTON — An evocative word with a pedigree reaching back to the French Revolution is beginning to be heard again as France bids to maintain its influence in today's rapidly changing Europe.

The word is *directoire* — an elite executive body on the lines of the five-strong revolutionary Directory that ran France just before Napoleon took power at the end of the 18th century.

The word became notorious in modern European diplomacy in the 1960s, when President Charles de Gaulle secretly proposed a *directoire* of France, Germany, Britain and Italy to run Europe's political affairs, bypassing the fledgling federal institutions in Brussels.

The plan, rightly seen by France's partners as a violation of the "Community spirit," under which big countries are not supposed to gang up on smaller ones, came to nothing.

Now, with de Gaulle's political heirs once again governing France, the ghost of his *directoire* is stalking the European Union. And though it has taken on a slightly different form, the idea is likely to be just as strongly opposed by the smaller countries and by supporters of a more federal Europe.

Seen from Paris, the problem is how to maintain France's political leadership and influence over Germany — the two fundamental objectives of France's European

policy since World War II — in a Union that is likely to expand to as many as 27 members by early in the next century.

Paris is now resigned to this huge enlargement — provided the Union's institutions are first reformed in a way that will allow France to retain as much control as possible over the Union's future.

The thinking seems to be as follows: France alone — even France and Germany together — could easily be outvoted in this vast new grouping. What is needed is a bloc of states that would

France is looking for a way to organize a strong bloc of states that will share its interests.

broadly share French interests and be large enough to get its way.

The obvious candidates are the current five big countries — de Gaulle's four plus Spain — in which France would be neatly in the swing position between two North European and two Latin members.

It would be much easier for France to lead this group than to lead a 27-nation Union stacked with friends of Germany. Prime Minister Edouard Balladur, who may well be France's next president, has started preparing the ground by calling not only for stronger links with Germany but with Britain, Italy and Spain, too.

Given their dominant share of the EU's population, Mr. Balladur argues, it would be "unacceptable" for the five countries to be put in a minority under the voting procedures that will have to be worked out for an expanded Union.

But enforcing this principle would mean changing voting rules to the detriment of smaller countries, which will complain bitterly that they are being marginalized. French officials admit they cannot yet figure out how to get away with it.

So Paris is now floating various formulas to make the *directoire* more attractive — perhaps by making it an official offshoot of the EU's Council of Ministers and including some smaller countries on a rotating basis.

France has not clarified how this would fit in with the German proposal for a "hard core" of countries to move ahead more quickly to economic and political union — or with Mr. Balladur's own concept of a Europe of concentric circles.

Britain, Italy and Spain would be unlikely to be founding members of Germany's hard core or of France's innermost circle. And the *directoire* approach also runs counter to Germany's wish for a federal Europe with strong central institutions.

French officials say that Germany privately favors the *directoire* but does not dare say so. But unless France can reconcile these contradictions, and somehow sway the smaller countries, the latest *directoire* will suffer the same fate as its illustrious but short-lived predecessors.

EU Ministers Bless World Trade Pact

By Tom Buerkle
International Herald Tribune

BRUSSELS — European Union foreign ministers endorsed the Uruguay Round global trade agreement on Monday, ensuring that all of the world's major trading nations will put the accord's tariff cuts and other liberalization measures into effect beginning Jan. 1.

"We have given a huge boost to the European economy," said Sir Leon Brittan, the EU trade commissioner. The global accord will lower tariffs by more than one-third, extend trade rules to services and set up a powerful World Trade Organization to resolve disputes.

Separately, Sir Leon expressed hope of resolving by year-end a tariff dispute with the United States over semiconductor and other items that threatens to mar the start-up of the Uruguay Round pact.

Sources said Sir Leon spoke by telephone last week with the U.S. trade representative, Mickey Kantor, after earlier talks between officials ended in deadlock. Sir Leon refused to give details of the discussion but said the Union made a "reasonable offer" that should lead to a temporary solution of the dispute.

U.S. sources said officials would resume negotiations via a phone conference on Wednesday.

The United States is demanding compensation for the adoption of EU tariffs by Sweden, Finland and Austria when they enter the Union on Jan. 1. Washington claims the move will raise duties on U.S. exports by more than \$200 million and affect some \$3 billion worth of

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CURRENCY & INTEREST RATES

Gross Rates									
	£	DM	FF	Y	Sc	Sw	DK	Fin	Other
Amsterdam	1.70	2.75	1.15	0.20	0.10	0.10	0.10	0.10	0.10
Brussels	36.05	10.50	20.50	0.50	0.50	0.50	0.50	0.50	0.50
Frankfurt	1.50	2.50	1.00	0.20	0.10	0.10	0.10	0.10	0.10
London	1.50	2.50	1.00	0.20	0.10	0.10	0.10	0.10	0.10
Munich	1.50	2.50	1.00	0.20	0.10	0.10	0.10	0.10	0.10
Paris	1.50	2.50	1.00	0.20	0.10	0.10	0.10	0.10	0.10
Stockholm	1.50	2.50	1.00	0.20	0.10	0.10	0.10	0.10	0.10
Switzerland	1.50	2.50	1.00	0.20	0.10	0.10	0.10	0.10	0.10
Other	1.50	2.50	1.00	0.20	0.10	0.10	0.10	0.10	0.10
Eurocurrency Deposits									
	1 month	3 months	6 months	1 year	2 years	3 years	4 years	5 years	Other
London	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Frankfurt	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Paris	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Stockholm	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Switzerland	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Other	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Key Money Rates									
	1 month	3 months	6 months	1 year	2 years	3 years	4 years	5 years	Other
London	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Frankfurt	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Paris	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Stockholm	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Switzerland	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Other	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Forward Rates									
	1 month	3 months	6 months	1 year	2 years	3 years	4 years	5 years	Other
London	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Frankfurt	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Paris	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Stockholm	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Switzerland	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Other	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50

MARKET DIARY

Share Prices Ease Before Fed Meeting

NEW YORK — Stock prices retreated Monday after gaining five times in the six previous sessions, amid nervousness about the Federal Reserve Board's monetary-policy meeting Tuesday.

The Dow Jones industrial average closed at 3,790.70, down 36.49 points. Declining issues

U.S. Stocks

outnumbered gainers by about a 4-to-3 ratio. Volume was moderate at 271.69 million shares.

While most of the day's selling was attributed to technical profit-taking, analysts said they had detected some anxiety about the central bank's Open Market Committee meeting. The Fed has raised rates six times this year to try to prevent inflation.

The bond market reflected this wariness, as the benchmark 30-year Treasury bond moved 10 basis points down to 6 3/4% at a price of 96 3/32, up 4/32.

The yield slipped to 7.84 percent from 7.85 percent Friday.

Takover news inspired interest in several stocks. Caesars World rocketed 20% to 66 and led the Big Board's active list on

volume of 6.9 million shares. ITT offered \$67.50 a share, or about \$1.7 billion, for the gambling company.

In other takeover-related action, U.S. Shoe jumped 2% to 19 in response to word that Nine West Group was negotiating to buy its footwear division.

One of the session's biggest losers was Cytex, which tumbled 9% to 194 in over-the-counter trading and was the day's most actively traded issue. The computer chip maker issued a grim forecast for the first half of 1995.

Intel was the next-most-active issue, falling 1 1/16 to 57 13/16, as news reports said a New York bank and a company had discovered calculation errors caused by Intel's Pentium microprocessor.

Quantum Health Resources fell 3% to 31 1/2 on trading of 1.8 million shares. Analysts at Needham & Co. reduced earnings estimates for the health-care concern.

Retailers fell, relinquishing some of Friday's gains amid concern Christmas holiday sales won't meet expectations.

(AP, Bloomberg)

Dollar in Doldrums

As Market Awaits Fed

NEW YORK — The dollar moved little on Monday as traders awaited the outcome of the Tuesday meeting of the Federal Open Market Committee, which determines the central bank's monetary policy.

"A majority of the market thinks, like I do, that the Fed won't hike rates," said Richard Vullo, currency sales manager at Bayerische Hypothek- und Wechsel-Bank.

The dollar closed Monday at 1.5735 Deutsche marks, slightly higher than a closing rate of 1.5728 DM on Friday, and at 100.115 yen, little changed from 100.220 yen.

Although U.S. economic statistics such as housing starts and capacity utilization showed strong growth in November, Fed policymakers — including Vice Chairman Alan Blinder — have indicated that they want to see economic data for December before raising rates again.

Those numbers will not be released until January.

Many analysts predicted the Fed would tighten its credit reins again at the meeting scheduled for the end of next month.

The dollar also gained some support Monday from intensified fighting in Russia's Chechnya region. The U.S. currency often is considered a safe haven in times of world turmoil.

Volume was light. "Activity has gone down to near zero and, barring surprises, it will remain near zero for the next two weeks," one trader said.

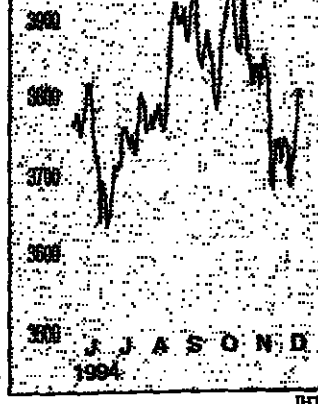
"Most people see the dollar rising above 1.60 marks next year," said David Gilmore, partner at Foreign Exchange Analysts. For the rest of this year, he said the dollar would hold at 1.5800 DM to 1.5850 DM as traders wind down operations.

Against other currencies, the dollar slipped to 1.3325 Swiss francs from 1.3328 francs on Friday and to 5.4210 French francs from 5.4235 francs. The pound was steady at \$1.5605. (Bloomberg, APX)

Via Associated Press Dec. 19

The Dow

Daily closings of the Dow Jones Industrial Average



1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994

NYSE Most Active

Company	Vol.	High	Low	Chg.
Intel	1,110,000	57 1/2	57 1/8	-1/8
Quantum	1,100,000	31 1/2	31 1/4	-1/4
ITT	1,000,000	67 1/2	67 1/8	-1/8
Caesars World	800,000	66	65 1/2	-1/2
U.S. Shoe	700,000	19 1/2	19 1/4	-1/4
Nine West	600,000	19 1/2	19 1/4	-1/4
U.S. Bancorp	500,000	19 1/2	19 1/4	-1/4
Quantum Health	400,000	31 1/2	31 1/4	-1/4
Intel	300,000	57 1/2	57 1/8	-1/8
Quantum	200,000	31 1/2	31 1/4	-1/4

NYSE Most Active

Company	Vol.	High	Low	Chg.
Cytex	1,100,000	194	194	-9
Intel	1,000,000	57 1/2	57 1/8	-1/8
Quantum	900,000	31 1/2	31 1/4	-1/4
ITT	800,000	67 1/2	67 1/8	-1/8
Caesars World	700,000	66	65 1/2	-1/2
U.S. Shoe	600,000	19 1/2	19 1/4	-1/4
Nine West	500,000	19 1/2	19 1/4	-1/4
U.S. Bancorp	400,000	19 1/2	19 1/4	-1/4
Quantum Health	300,000	31 1/2	31 1/4	-1/4
Intel	200,000	57 1/2	57 1/8	-1/8

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NYSE Most Active

Via Associated Press Dec. 19

Dow Jones Averages

Index High Low Last Chg.

Indus	3790.70	3820.19	3785.54	-34.69
Trans	1415.97	1417.00	1409.81	-7.19
Comp	1234.61	1239.60	1234.11	-5.49

Standard & Poor's Indexes

Indus	501.50	504.00	500.00	-4.00
Trans	141.50	142.00	140.00	-2.00
Comp	123.50	124.00	122.50	-1.50

NYSE Indexes

Composite	295.54	296.47	295.04	-0.50
Indus	118.00	118.50	117.50	-0.50
Trans	31.00	31.50	30.50	-0.50

NASDAQ Indexes

Composite	728.10	728.10	728.10	0.00
Indus	728.10	728.10	728.10	0.00
Trans	728.10	728.10	728.10	0.00

AMEX Stock Index

High	424.15	425.70	-0.50
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Dow Jones Bond Averages

30 Bonds	143.50	143.50	143.50	0.00
10 Utilities	143.50	143.50	143.50	0.00
10 Industrials	143.50	143.50	143.50	0.00

NYSE Diary

Advanced	197	194	194	-4
Declined	172	172	172	0
Unchanged	299	299	299	0

AMEX Diary

Advanced	260	260	260	0
Declined	214	214	214	0
Unchanged	214	214	214	0

NASDAQ Diary

Northern Electric Rejects £1.2 Billion Trafalgar Bid

Compiled by Our Staff From Dispatches

LONDON — Trafalgar House PLC, the construction and transportation conglomerate, on Monday offered £1.2 billion (\$1.88 billion) in cash and stock to acquire Northern Electric PLC, but the British utility rejected the bid as inadequate.

The offer by Trafalgar House, which is part of the Hong Kong-based Jardine Matheson group, valued each Northern Electric share at £10.77, a premium of 19.7 percent over the price Wednesday — just before Swiss Bank Corp., Trafalgar's adviser, said it might make a bid.

Later Monday, Northern Electric rejected the offer as "wholly inadequate." It said, "Nearly 60 percent of the basic offer consists of paper of uncer-

tain value," adding that "the cash alternative implies a value for Northern Electric's business of only £8.48 per share with a value for the holding in National Grid of only £2 per share."

Northern Electric owns 6.5 percent of National Grid Holdings PLC, which operates the British electricity distribution network and is owned by the 12 English and Welsh electricity utilities. It is expected to be publicly floated and Northern Electric said it planned to distribute its share to its stockholders.

The bid fit Trafalgar House's plan of acquiring investments that provide steady earnings to complement the company's construction projects, which take time to reach maturity.

"We see it as being earnings-enhancing and we will get significant tax gains," said Chief Executive Nigel Rich of Trafalgar.

But in a dig at Jardine, Northern Electric said: "The financial attractions of Northern Electric to Trafalgar House and its major shareholder are obvious. In contrast, Northern Electric can see no advantage to its shareholders in becoming part of a financially challenged conglomerate, effectively controlled by an off-shore minority shareholder, whose interests may differ from those of the public shareholders."

Investors generally welcomed the bid and Northern Electric's share price climbed 40 pence to 1,025 pence, while Trafalgar shares rose half a penny, to 74.5 pence. (Bloomberg, AFP)

Warburg Director Exits After Busted Deal

Reuters

LONDON — S.G. Warburg Group PLC's aborted merger talks with Morgan Stanley & Co. apparently ended its first victim Monday with the departure of a Warburg director, Peter Twachtman, sources said.

Mr. Twachtman was co-director of Warburg's important fixed-interest division, responsible for issuing and trading bonds. Warburg communicated his departure in a two-line announcement.

A spokesman confirmed that Mr. Twachtman's summary exit was unprecedented for such

a senior director, but denied a comment he had made during merger negotiations was responsible.

"There was a review of the leadership of the division," the spokesman said. "That was made clear to people some time ago."

But banking sources said Mr. Twachtman had been asked to leave Friday after saying in a newspaper interview that his division could not match Morgan Stanley's expertise, making job losses there inevitable.

Mr. Twachtman was not in his office on Monday and could not be reached for comment.

Lira Hits a Low As Berlusconi's Coalition Totters

Compiled by Our Staff From Dispatches

LONDON — The lira stabilized at weak levels on Monday after plunging to a record low against the Deutsche mark as investors braced for as many as three no-confidence votes in Parliament this week against Prime Minister Silvio Berlusconi.

The mark fetched as much as 1,047.60 lire when the lira dove to its low in early trading, but the German currency stabilized slightly in later trading and closed at 1,046.05 lire in Milan, still higher than the 1,032.60 close on Friday.

Analysts said that if Mr. Berlusconi resigned, that could initially drive the lira down about 2 percent. But in the longer term, a clarification of the Italian political situation could help the currency, they said.

"Berlusconi's credibility in financial markets is exceptionally low and his resignation would not necessarily be a bad thing for the lira," said Mark Geddes, an analyst with Midland Global Markets. Since it left the exchange-rate mechanism of the European Monetary System in late 1992, the lira has lost more than 37 percent of its value against the mark.

Paul Lambert, an analyst with Union Bank of Switzerland, said that it was not Mr. Berlusconi's possible departure as such that worried dealers "but rather the uncertainty about the name of his successor."

The votes are not expected to come until Thursday at the earliest, after a controversial 1995 budget bill has been passed into law and Mr. Berlusconi has addressed Parliament.

Italy's markets have suffered repeated blows over recent months as Mr. Berlusconi's fragile coalition fell prey to infighting.

In the meantime, the government unveiled plans Monday for sweeping reform of Italy's cumbersome tax system, but the proposals could be stillborn in view of the fragility of the government. The reforms, which aim to cut red tape and give local authorities more power to raise cash, partly satisfy the demands of the federalist Northern League, the rebel coalition party that is trying to oust Mr. Berlusconi.

(Reuters, AFP)

EU Rejection Slows Plans In Norway

AFP-Extel News

OSLO — Norsk Hydro AS said Monday it would postpone two planned export-oriented projects to be built in Norway north several billion kroner because of the country's rejection of European Union membership last month.

A 5 billion kroner (\$735 million) project to double capacity at an aluminum plant in Sundalsøra has been put on hold, according to Tor Steinum, a Norsk Hydro spokesman.

Norsk Hydro's magnesium division has postponed the establishment of a car components factory in Rongrum, he said, adding that Norsk Hydro's president, Egil Mykeltust, has indicated the factory will most likely be located in another country now.

Investments to increase production capacity in Norway will be put on hold "until the necessary confirmation comes that this 'no' vote will not negatively affect our exports to the EU countries," Mr. Steinum said.

"These are just two examples of the types of investments that could be canceled in the future," Mr. Steinum said. "There may be more to come."

"Our domestic markets are secured," he stressed.

Investor's Europe

Exchange	Index	Monday Close	Prev. Close	% Change
Frankfurt DAX		2,075.94	2,070.06	+0.28
London FTSE 100 Index		2,706.71	2,705.97	+0.04
Paris CAC 40		2,075.94	2,070.06	+0.28
Amsterdam AEX		410.85	408.38	+0.60
Brussels Stock Index		2,075.94	2,070.06	+0.28
Frankfurt DAX		2,075.94	2,070.06	+0.28
Frankfurt FAZ		776.40	774.16	+0.29
Helsinki HEX		1,615.50	1,606.78	+0.48
London Financial Times 30		2,329.10	2,315.10	+0.60
London FTSE 100		3,034.40	3,013.60	+0.69
Madrid General Index		297.46	297.76	-0.10
Milan MIBTEL		9,744.00	9,682.00	+0.64
Paris CAC 40		1,928.09	1,924.16	+0.20
Stockholm Aftersvaerden		1,844.73	1,845.51	-0.04
Vienna ATX Index		1,035.35	1,027.28	+0.79
Zurich SSS		917.68	918.40	-0.06

Sources: Reuters, AFP International Herald Tribune

Very briefly:

- Iberia asked for Spanish government permission to cut 5,220 jobs, nearly 22 percent of its work force, a Labor Ministry spokesman said, but the state-owned airline pledged to negotiate with unions in the next 30 days to try to reduce the job cuts.
- Unilever Group, the Anglo-Dutch food and consumer products company, said it was switching from a regional marketing strategy for its food products to a global one, a move that would give new responsibilities to three European executives.
- The High Court in London approved a \$1.8 billion compensation accord between Abu Dhabi and the liquidator and creditors of the collapsed Bank of Credit & Commerce International SA, the first of three approvals needed before the liquidator, Price Waterhouse, can proceed with the compensation agreement.
- Britain's economy will grow 3.4 percent next year, nearly the same as this year, but slow to 3 percent growth in 1996 as short-term interest rates rise and inflation again becomes a potential threat, the Organization for Economic Cooperation and Development said in a semiannual report.

UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK

In re:

R. H. MACY & CO., INC., et al.,

Debtors.

Chapter 11

Cas. No. 92-B-0777 (BRL)

(Jointly Administered)

NOTICE OF ENTRY OF CONFIRMATION ORDER

TO ALL HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE ABOVE-CAPTIONED DEBTORS AND

DEBTORS IN POSSESSION AND ALL OTHER PARTIES IN INTEREST, PLEASE TAKE NOTICE THAT:

By Order dated December 8, 1994 (the "Confirmation Order"), this Court has confirmed the Second Amended Joint Plan of

Reorganization of R. H. Macy & Co., Inc. and Certain of Its Subsidiaries, as modified (the "Plan"). Unless otherwise defined in this Notice, capitalized terms and phrases have the meanings assigned to them in the Plan and the Confirmation Order.

Except as otherwise provided in the Plan or the Confirmation Order, the rights afforded under the Plan and the treatment of

Claims and Interests will be in exchange for the rights afforded under the Plan and the treatment of Claims and Interests

and termination of all interests, including any interest accrued on Claims from the Petition Date. Except as otherwise provided in

the Plan or the Confirmation Order, the Debtors, as of the Effective Date, discharged from all Claims, or other debts that arose

before the Effective Date, including all debts of the kind specified in section 502(g)(1) or (2) of the Bankruptcy Code, whether or not

such Claims are secured by property of the Debtors, and all Claims, or other debts, of the kind specified in section 502(g)(3) of the Bankruptcy Code, whether or not

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**EQUITY INVESTMENT FUND
FCP**

2, boulevard Royal, L-2953 Luxembourg

DIVIDEND ANNOUNCEMENT

EQUITY INVESTMENT FUND will pay a dividend of USD 22.00 per share on December 21, 1994.

The dividend is payable to holders of bearer shares against presentation of coupon no. 3 to the following bank:

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For Thrills and Chills, It's Jakarta

Stocks May Surge Again, but Ride Won't Be Smooth

By Paul Blustein

Washington Post Service

JAKARTA — Among the markets that have sprouted and surged throughout the developing world over the past several years, few are as yeasty as the one in Indonesia's capital.

The Jakarta Stock Exchange was barely functioning six years ago, when a typical day's trading was a half-hour's desultory swapping of the two dozen listed issues.

Today the exchange has more than 200 listed companies and is one of the darlings of international fund managers.

Its composite index soared 115 percent in 1993, although it has given up about 20 percent this year. The 1993 advance made Indonesia Asia's third-fastest-rising market then, and foreign brokerage companies are pouring into Jakarta in the expectation that the exchange will become one of the biggest in East Asia early in the next century.

Indonesia, the world's fourth-most-populous country, possesses vast natural resources and has seen annual economic growth of nearly 7 percent for the past five years. The World Bank recently praised the country's economic performance over the past 25 years as one of the best in the developing world.

While the exchange's investment appeal is hardly a secret anymore, some analysts say Indonesian shares are poised for a further advance.

"I have been to Indonesia for a week and returned a convert," David Scott, regional strategist for W.I. Carr Ltd. in Hong

Kong, said in a newsletter to clients a few weeks ago.

"We hear so much about China and India, yet Indonesia rarely merits a mention," Mr. Scott said. "This is quite wrong. Indonesia has a fantastic economy and is a great long-term story."

Maybe so. But like most emerging markets, it is also full of pitfalls and of violent ups and downs.

The Jakarta exchange's composite index plunged from 681.90 points in April 1990

Shares of the biggest companies can move 5 percent or more in a day, and a small order from a foreign broker can spark a trading frenzy.

to 224.70 in October 1991, then roared back to 612.80 in January of this year before retreating again. It closed at 459.39 Monday, up 0.61 for the day.

Shares of even the biggest Indonesian companies often rise or fall by 5 percent or even 8 percent in a single day, and a relatively small order from a foreign broker can spark a trading frenzy that drives a share's price sharply higher or lower.

"It's a very illiquid market, with very low daily turnover," said Eugene Gal-

braith, president of the brokerage firm HG Asia Indonesia. "On a good day, there will be \$50 million or \$60 million worth of trading." That compares with daily volume in the billions or hundreds of billions of dollars in major international markets.

"It's a problem that will improve with time," Mr. Galbraith said, "but right now it's a real constraint, tying up your ability to realize profits."

Then there's the problem of lax rules. "It's a bit of a cowboy town," said the research director at another brokerage firm.

"The market is quite sophisticated as developing markets go, but three days before announcing their results, the companies can be relatively relaxed about telling what the results will be."

For these and other reasons, local brokers advise foreigners against investing directly in Indonesian companies and to rely instead on mutual funds that specialize in the country's shares.

Among the better-managed funds, according to brokers here, are JF Indonesia Fund, managed by Jardine Fleming Securities; Indonesian Development Fund, managed by Templeton Investment Management; and Batavia Fund, managed by Morgan Grenfell Investment Management.

Indonesian authorities are taking steps to correct some of the market's deficiencies. The stock exchange is being moved into a new facility that will allow fully automated trading, and the government is drafting a securities law aimed at tightening regulations and bolstering confidence in the market's fairness.

Mutual Funds From U.S. Face Squeeze in Asia

Bloomberg Business News

TOKYO — American mutual-fund operators are finding out that investing money in Asia can be like sending troops to a battle: Once committed, it is not always easy to retreat.

With most markets in the Pacific Rim region registering big declines this year, American funds "will certainly pay a price to get out," says Michael Lipper, president of Lipper Analytical Services Inc. "Each portfolio will pay a different price."

Many fund managers, especially in smaller markets, have piles of stock that they cannot unload except at fire-sale prices.

Yet they need cash to handle a wave of fund redemptions in recent weeks by U.S. investors reacting to falling stock prices, such as the more than 12 percent tumble last month in Hong Kong's Hang Seng Index, and rising yields in the bond market.

Investors signaled their flagging confidence in Asian stock markets in November by pulling \$218.5 million out of American mutual funds investing in the region, according to Lipper.

Mutual funds dedicated to Asia were one of the main forces behind the gains in the region's markets last year, when the benchmark index in Malaysia's rose 90 percent and Hong Kong's more than doubled.

Moreover, American investors supplied 91 percent of the \$2.4 billion that moved into funds investing in Asia, excluding Japan, in the first three quarters of 1994 and about 60 percent of the total inflow in the pre-

vious three years, according to Salomon Brothers Inc.

Early this month, American's largest mutual fund company, Fidelity Investments, said its customers had taken \$100 million out of its stock funds in November, the first time they had been net sellers in eight months.

Days later, news that Fidelity's \$37 billion Magellan fund, the world's largest, would cancel a year-end payout to investors because of a calculation error sent minor shock waves through some Asian markets as investors foresaw a rash of redemption-related selling. The Hang Seng index fell almost 7 percent in three days.

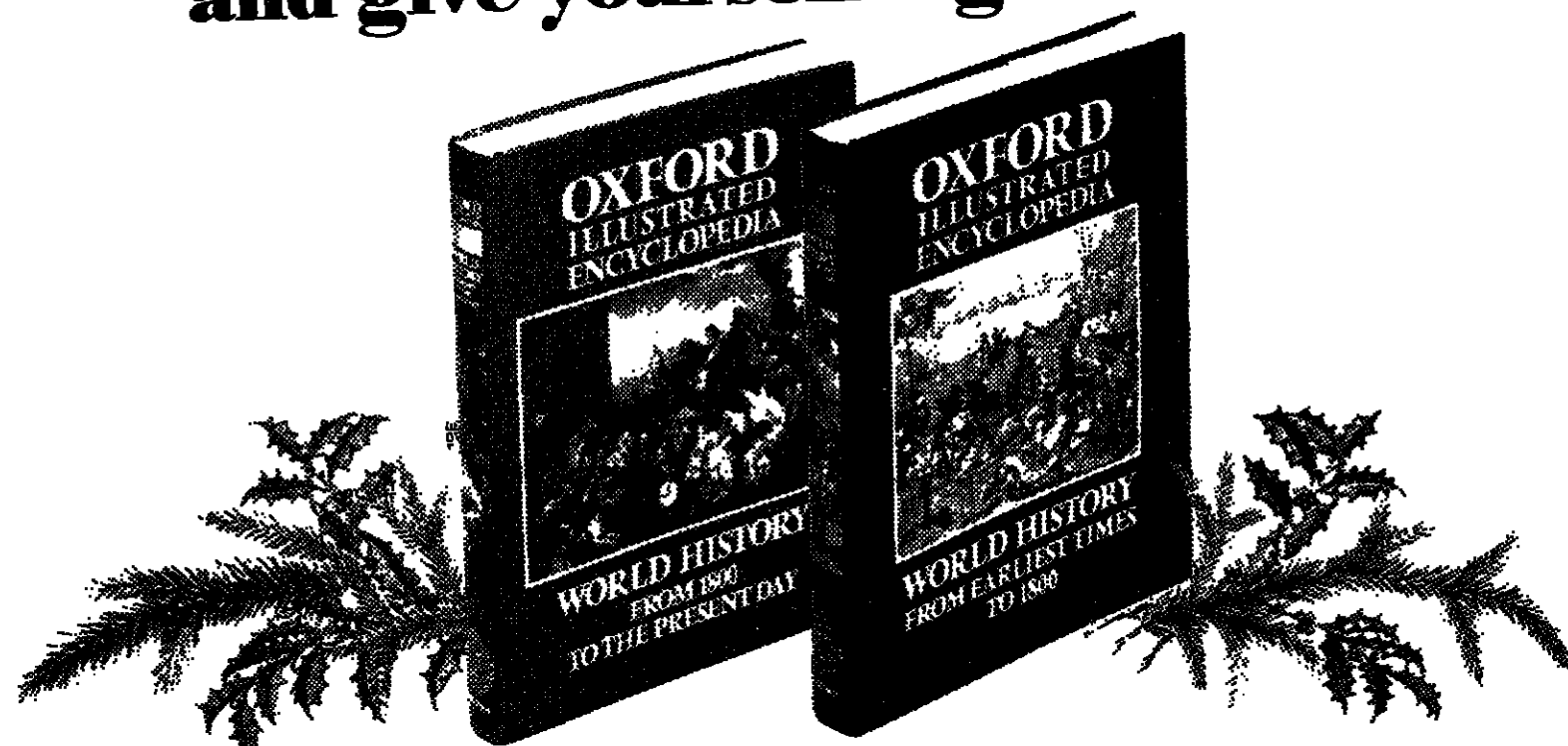
Making matters worse are speculators who are using put options and short-selling techniques in these bear markets, which are ways of betting that certain stocks will fall even further.

Some brokers say the American funds' predicament provides a good opportunity to buy Asian stocks.

Once the funds have adjusted their holdings to reflect demand back home in America, they say, Asian markets will cease to be as vulnerable to shifts in U.S. investors' views — and investors in Asia can start paying attention to such basics as corporate profits and booming economies.

The Vickers Ballas Investment Research Ltd. broker, whose house, in fact, has already sounded the call. Its strategy report for 1995 recommends buying stocks of several Pacific countries, saying "buoyant Asian economies" would continue to attract funds.

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BOJ Chief Calls Recovery Fragile

Compiled by Our Staff From Dispatches

TOKYO — The economy is recovering "very slowly," the Bank of Japan's governor, Yasuo Matsuoka, told his inaugural news conference Monday.

The central bank governor also said that although the level of nonperforming loans at Japanese commercial banks was reaching a peak, it would still be a "long time" before the problem was solved.

He said banks were making slow progress at clearing their balance sheets of bad loans incurred during the speculative real-estate investment boom of the late 1980s and having difficulty selling properties they had taken over as collateral because of the sluggish market.

Mr. Matsuoka, who succeeded Yasuhiro Mieno on Saturday, cited an interruption in the recovery of consumer spending, continued adjustments in company balance sheets and large corporate inventories as he said, "We are not in a situation to be optimistic without reserve."

One result of this fragility in the economy, he said, is that "there isn't going to be a big change in central bank policy."

Mr. Matsuoka, 68, said he viewed price stability and the health of Japan's banking system as his two biggest concerns. As of Sept. 30, Japan's top 21 banks had 13.5 trillion yen (\$134 billion) in nonperforming loans on their books.

Asked whether banks needed to disclose so-called restructured loans, or loans on which they had waived or reduced in-

terest payments, Mr. Matsuoka said it was necessary for financial institutions to increase the transparency of their management operations.

But he said there was no consensus on how to define and disclose such loans and that the central bank needed to consider the impact of disclosure.

On the central bank's recent move to help two credit unions that had been on the verge of bankruptcy, Mr. Matsuoka said the Bank of Japan had de-

cided "after intensive consideration" to extend money to the bailout plan.

One week before his retirement, Mr. Mieno surprised financial circles in Japan by announcing that the central bank would provide public money to set up a bank to save the two Tokyo-based credit unions.

It was the first time in postwar history that the Bank of Japan had agreed to use public money to save financial institutions.

"If that were the last such

case, it would be fine," said Masaru Takagi, chief economist at Fuji Research Institute. "But financial institutions still have large nonperforming assets, so Matsuoka's first and foremost task will be to ensure the stability of the financial system."

Mr. Matsuoka, a former chairman of Sakura Bank Ltd., also previously worked in the Finance Ministry, where he held the top administrative post of vice minister before moving to the private sector.

In selecting him as its governor for the next five years, the central bank maintained a tradition of routing the job between former Finance Ministry bureaucrats and career central bank officials.

(AP, Bloomberg, Reuters)

Toyota Expects Sales to Rise And Revises Profit Outlook

Bloomberg Business News

TOKYO — Toyota Motor Corp. expects its domestic vehicle sales to rise 10 percent, to 2.24 million units in 1995, President Taisiro Toyoda said on Monday.

"We finally have begun to see the light at the end of a long tunnel," Mr. Toyoda said at a year-end news conference. He also said he expected his company to beat its initial earnings forecast for the six months to Dec. 31.

Mr. Toyoda attributed the company's improving profitability to its efforts to reduce production costs. He also said he expected demand for automobiles to grow thanks to an income-tax cut in Japan, the introduction of new car models, demand from buyers seeking to replace old cars and interest generated by the biannual motor show next fall.

Toyota's current profit, before taxes and extraordinary items, will be about 10 percent higher than the 130 billion yen (\$1.29 billion) forecast earlier this year, Mr. Toyoda said. Operating profit will come in 20 percent higher than the initial forecast of 70 billion yen, he said. Toyota shares rose 20 yen, or nearly 1 percent, to 2,080 on Monday.

Toyota estimates domestic sales of motor vehicles from all Japanese manufacturers will rise to 6.92 million in 1995, Mr. Toyoda said. That compares with Toyota's forecast for a 0.5 percent rise in sales, to 6.5 million units in 1994.

Government Plans Cuts

Japan's Finance Ministry, faced with slumping tax revenue, proposed an austere national budget for the next fiscal year that would cut spending for the first time in 40 years, news agencies reported.

Finance Minister Masayoshi Takemura unveiled a draft budget totaling 70.99 trillion yen for the year starting April 1, 1995, down from 73.08 trillion yen in the current fiscal year. It would be the first decline in the national budget, which includes subsidies to regional governments as well as debt service, since 1955-56.

The budget included a target of 2.8 percent economic growth for the year, a figure many private economists said was too optimistic. (Reuters, AP)

Luxury Buildings Banned by China

Reuters

BEIJING — China on Monday banned new luxury construction projects until 1996 and halted golf course and racetrack development, the Xinhua press agency reported.

"Launching new luxury projects is obviously inappropriate," it quoted an official of the State Planning Commission as saying, at a time when the government wants more investment in infrastructure.

The official said approval would not be granted until the end of 1995 for luxury projects involving hotels, office buildings or villas. Construction of golf courses, racetracks and other entertainment facilities will be frozen.

A Japanese economist voiced doubt on enforcement by Beijing. "It has issued bans like this before, but provincial and local authorities have ignored them, especially because these sorts of projects are among the most profitable," the economist said.

Condition for Color TV Ventures
China will prohibit joint-venture production of color televisions unless the foreign companies involved import advanced technology, Reuters reported Monday from Beijing, quoting a report in China Daily.

"No advanced technology, no market; that is the ministry's policy," the minister of the electronics industry, Zhang Jinqiang, told the paper.

Investor's Asia

Exchange	Index	Monday Close	Prev. Close	% Change
Hong Kong	Hang Seng	8,178.94	8,166.39	+0.15
Singapore	Straits Times	2,185.18	2,169.72	+0.71
Sydney	All Ordinaries	1,900.00	1,897.00	+0.16
Tokyo	Nikkei 225	19,270.85	19,163.43	+0.56
Kuala Lumpur	Composite	957.25	946.40	+1.15
Bangkok	SET	1,837.78	1,836.47	+0.10
Seoul	Composite Stock	1,028.61	1,036.54	-0.77
Taipei	Weighted Price	7,066.30	6,937.33	+1.70
Manila	PSE	2,723.60	2,708.99	+0.54
Jakarta	Stock Index	459.36	458.78	+0.13
New Zealand	NZSE-40	1,927.39	1,924.86	+0.13
Bombay	National Index	1,858.35	1,862.99	-0.25

Sources: Reuters, AFP International Herald Tribune

Very briefly:

- Moore Corp. of Canada said it had agreed to sell a stake of 35 percent in Toppaan Moore Co. to its partner, Toppaan Printing Co. of Japan, for \$4.4 billion yen (\$34.6 million).
- Alan Bond, the Australian entrepreneur, might be out of bankruptcy by the end of the week amid media reports in Australia that Mr. Bond's personal creditors and those of a family company were prepared to cancel a considerable part of his debt burden.
- Kobe Steel Ltd. and Texas Instruments Inc. plan to invest 50 billion yen to more than double their semiconductor output at a jointly operated plant in Japan.
- Pirelli SpA and PT Kabinmetal Indonesia said they would form a

\$70 million venture that will include the construction of a factory in Jakarta for fiber optic and power cables.

Honda Motor Co. said it has signed an agreement with Anadolu Endustri Holding AS of Turkey for a joint venture to make and sell motorcycles in that country.

Korea Telecom Corp., South Korea's state-owned telephone company, will lead a consortium to invest \$100 million in a global mobile phone project that will use a network of 12 satellites to allow calls to be made with pocket-sized telephones from anywhere on earth by 1999.

AP, AFP, Knight-Ridder, Bloomberg

NASDAQ

Monday's 4 p.m.
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	Low	Stock	Div	Yld	PE	Stk	High	Low	Stock	Div	Yld	PE	Stk
120	110	IBM	3.00	4.5	15	100	120	110	IBM	3.00	4.5	15	100
110	100	Microsoft	0.00	0.0	0	100	110	100	Microsoft	0.00	0.0	0	100
100	90	Apple	0.00	0.0	0	100	100	90	Apple	0.00	0.0	0	100
90	80	Oracle	0.00	0.0	0	100	90	80	Oracle	0.00	0.0	0	100
80	70	Amazon	0.00	0.0	0	100	80	70	Amazon	0.00	0.0	0	100
70	60	Google	0.00	0.0	0	100	70	60	Google	0.00	0.0	0	100
60	50	Yahoo	0.00	0.0	0	100	60	50	Yahoo	0.00	0.0	0	100
50	40	Comcast	0.00	0.0	0	100	50	40	Comcast	0.00	0.0	0	100
40	30	Verizon	0.00	0.0	0	100	40	30	Verizon	0.00	0.0	0	100
30	20	AT&T	0.00	0.0	0	100	30	20	AT&T	0.00	0.0	0	100
20	10	WorldCom	0.00	0.0	0	100	20	10	WorldCom	0.00	0.0	0	100
10	0	Enron	0.00	0.0	0	100	10	0	Enron	0.00	0.0	0	100

12 Month High	Low	Stock	Div	Yld	PE	Stk	High	Low	Stock	Div	Yld	PE	Stk
120	110	IBM	3.00	4.5	15	100	120	110	IBM	3.00	4.5	15	100
110	100	Microsoft	0.00	0.0	0	100	110	100	Microsoft	0.00	0.0	0	100
100	90	Apple	0.00	0.0	0	100	100	90	Apple	0.00	0.0	0	100
90	80	Oracle	0.00	0.0	0	100	90	80	Oracle	0.00	0.0	0	100
80	70	Amazon	0.00	0.0	0	100	80	70	Amazon	0.00	0.0	0	100
70	60	Google	0.00	0.0	0	100	70	60	Google	0.00	0.0	0	100
60	50	Yahoo	0.00	0.0	0	100	60	50	Yahoo	0.00	0.0	0	100
50	40	Comcast	0.00	0.0	0	100	50	40	Comcast	0.00	0.0	0	100
40	30	Verizon	0.00	0.0	0	100	40	30	Verizon	0.00	0.0	0	100
30	20	AT&T	0.00	0.0	0	100	30	20	AT&T	0.00	0.0	0	100
20	10	WorldCom	0.00	0.0	0	100	20	10	WorldCom	0.00	0.0	0	100
10	0	Enron	0.00	0.0	0	100	10	0	Enron	0.00	0.0	0	100

12 Month High	Low	Stock	Div	Yld	PE	Stk	High	Low	Stock	Div	Yld	PE	Stk
120	110	IBM	3.00	4.5	15	100	120	110	IBM	3.00	4.5	15	100
110	100	Microsoft	0.00	0.0	0	100	110	100	Microsoft	0.00	0.0	0	100
100	90	Apple	0.00	0.0	0	100	100	90	Apple	0.00	0.0	0	100
90	80	Oracle	0.00	0.0	0	100	90	80	Oracle	0.00	0.0	0	100
80	70	Amazon	0.00	0.0	0	100	80	70	Amazon	0.00	0.0	0	100
70	60	Google	0.00	0.0	0	100	70	60	Google	0.00	0.0	0	100
60	50	Yahoo	0.00	0.0	0	100	60	50	Yahoo	0.00	0.0	0	100
50	40	Comcast	0.00	0.0	0	100	50	40	Comcast	0.00	0.0	0	100
40	30	Verizon	0.00	0.0	0	100	40	30	Verizon	0.00	0.0	0	100
30	20	AT&T	0.00	0.0	0	100	30	20	AT&T	0.00	0.0	0	100
20	10	WorldCom	0.00	0.0	0	100	20	10	WorldCom	0.00	0.0	0	100
10	0	Enron	0.00	0.0	0	100	10	0	Enron	0.00	0.0	0	100

12 Month High	Low	Stock	Div	Yld	PE	Stk	High	Low	Stock	Div	Yld	PE	Stk
120	110	IBM	3.00	4.5	15	100	120	110	IBM	3.00	4.5	15	100
110	100	Microsoft	0.00	0.0	0	100	110	100	Microsoft	0.00	0.0	0	100
100	90	Apple	0.00	0.0	0	100	100	90	Apple	0.00	0.0	0	100
90	80	Oracle	0.00	0.0	0	100	90	80	Oracle	0.00	0.0	0	100
80	70	Amazon	0.00	0.0	0	100	80	70	Amazon	0.00	0.0	0	100
70	60	Google	0.00	0.0	0	100	70	60	Google	0.00	0.0	0	100
60	50	Yahoo	0.00	0.0	0	100	60	50	Yahoo	0.00	0.0	0	100
50	40	Comcast	0.00	0.0	0	100	50	40	Comcast	0.00	0.0	0	100
40	30	Verizon	0.00	0.0	0	100	40	30	Verizon	0.00	0.0	0	100
30	20	AT&T	0.00	0.0	0	100	30	20	AT&T	0.00	0.0	0	100
20	10	WorldCom	0.00	0.0	0	100	20	10	WorldCom	0.00	0.0	0	100
10	0	Enron	0.00	0.0	0	100	10	0	Enron	0.00	0.0	0	100

12 Month High	Low	Stock	Div	Yld	PE	Stk	High	Low	Stock	Div	Yld	PE	Stk
120	110	IBM	3.00	4.5	15	100	120	110	IBM	3.00	4.5	15	100
110	100	Microsoft	0.00	0.0	0	100	110	100	Microsoft	0.00	0.0	0	100
100	90	Apple	0.00	0.0	0	100	100	90	Apple	0.00	0.0	0	100
90	80	Oracle	0.00	0.0	0	100	90	80	Oracle	0.00	0.0	0	100
80	70	Amazon	0.00	0.0	0	100	80	70	Amazon	0.00	0.0	0	100
70	60	Google	0.00	0.0	0	100	70	60	Google	0.00	0.0	0	100
60	50	Yahoo	0.00	0.0	0	100	60	50	Yahoo	0.00	0.0	0	100
50	40	Comcast	0.00	0.0	0	100	50	40	Comcast	0.00	0.0	0	100
40	30	Verizon	0.00	0.0	0	100	40	30	Verizon	0.00	0.0	0	100
30	20	AT&T	0.00	0.0	0	100	30	20	AT&T	0.00	0.0	0	100
20	10	WorldCom	0.00	0.0	0	100	20	10	WorldCom	0.00	0.0	0	100
10	0	Enron	0.00	0.0	0	100	10	0	Enron	0.00	0.0	0	100

12 Month	High	Low	Stock	Div	Yld	PE	Stk	High	Low	Latest	Change
12/17	17	16	Amgen	0.00	0.0	0	100	17	16	16 1/2	+ 1/2
12/17	16	15	Amgen	0.00	0.0	0	100	16	15	15 1/2	+ 1/2
12/17	15	14	Amgen	0.00	0.0	0	100	15	14	14 1/2	+ 1/2
12/17	14	13	Amgen	0.00	0.0	0	100	14	13	13 1/2	+ 1/2
12/17	13	12	Amgen	0.00	0.0	0	100	13	12	12 1/2	+ 1/2
12/17	12	11	Amgen	0.00	0.0	0	100	12	11	11 1/2	+ 1/2
12/17	11	10	Amgen	0.00	0.0	0	100	11	10	10 1/2	+ 1/2
12/17	10	9	Amgen	0.00	0.0	0	100	10	9	9 1/2	+ 1/2
12/17	9	8	Amgen	0.00	0.0	0	100	9	8	8 1/2	+ 1/2
12/17	8	7	Amgen	0.00	0.0	0	100	8	7	7 1/2	+ 1/2
12/17	7	6	Amgen	0.00	0.0	0	100	7	6	6 1/2	+ 1/2
12/17	6	5	Amgen	0.00	0.0	0	100	6	5	5 1/2	+ 1/2
12/17	5	4	Amgen	0.00	0.0	0	100	5	4	4 1/2	+ 1/2
12/17	4	3	Amgen	0.00	0.0	0	100	4	3	3 1/2	+ 1/2
12/17	3	2	Amgen	0.00	0.0	0	100	3	2	2 1/2	+ 1/2
12/17	2	1	Amgen	0.00	0.0	0	100	2	1	1 1/2	+ 1/2
12/17	1	0	Amgen	0.00	0.0	0	100	1	0	0 1/2	+ 1/2
12/17	0	0	Amgen	0.00	0.0	0	100	0	0	0 1/2	+ 1/2
12/17	0	0	Amgen	0.00	0.0	0	100	0	0	0 1/2	+ 1/2
12/17	0	0	Amgen	0.00	0.0	0	100	0	0	0 1/2	+ 1/2
12/17	0	0	Amgen	0.00	0.0	0	100	0	0	0 1/2	+ 1/2
12/17	0	0	Amgen	0.00	0.0	0	100	0	0	0 1/2	+ 1/2
12/17	0	0	Amgen	0.00	0.0	0	100	0	0	0 1/2	+ 1/2
12/17	0	0	Amgen	0.00	0.0	0	100	0	0	0 1/2	+ 1/2
12/17	0	0	Amgen	0.00	0.0	0	100	0	0	0 1/2	+ 1/2
12/17	0	0	Amgen	0.00	0.0	0	100	0	0	0 1/2	+ 1/2
12/17	0	0	Amgen	0.00	0.0	0	100	0	0	0 1/2	+ 1/2
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12/17	0	0	Amgen	0.00	0.0	0	100	0	0	0 1/2	+ 1/2
12/17	0	0	Amgen	0.00	0.0	0	100	0	0	0 1/2	+ 1/2
12/17	0	0	Amgen	0.00	0.0	0	100	0	0	0 1/2	+ 1/2
12/17	0	0	Amgen	0.00	0.0	0	100	0	0	0 1/2	+ 1/2
12/17	0	0	Amgen	0.00	0.0	0	100	0	0	0 1/2	+ 1/2
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12/17	0	0	Amgen	0.00	0.0	0	100	0	0	0 1/2	+ 1/2
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12/17	0	0	Amgen	0.00	0.0	0	100	0	0	0 1/2	+ 1/2
12/17	0	0	Amgen	0.00	0.0	0	100	0	0	0 1/2	+ 1/2
12/17	0	0	Amgen	0.00	0.0	0	100	0	0	0 1/2	+ 1/2
12/17	0	0	Amgen	0.00	0.0	0	100	0	0	0 1/2	+ 1/2
12/17	0	0	Amgen	0.00	0.0	0	100	0	0	0 1/2	+ 1/2
12/17	0	0	Amgen	0.00	0.0	0	100	0	0	0 1/2	+ 1/2
12/17	0	0	Amgen	0.00	0.0	0	100	0	0	0 1/2	+ 1/2
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SPORTS

Swimming in a Pool of Drugs: How the IOC Netted Chinese Athletes

By Jere Longman

New York Times Service

ATLANTA — As they climbed from the pool on Sept. 30 after a workout in Hiroshima, Japan, 16 Chinese swimmers were met with an unexpected request. Not for interviews, or autographs, but for urine samples.

Suspicion of drug use by Chinese swimmers had reached a feverish stage. Several weeks earlier, the Chinese women had won 12 of 16 gold medals at the world championships in Rome.

Officials from the United States and other swimming powers, convinced that the Chinese were using illicit, but undetected, substances to enhance their performances, had demanded more surprise, out-of-competition testing.

The Asian Games were set to begin in two days. During the games, the winners of each event would have routinely been expected to undergo drug tests. But the Sept. 30 test caught the Chinese off guard.

"They were surprised, but after about 10 minutes they cooperated," said Dr. Yoshiteru Mutoh, a Japa-

nese physician who collected the urine samples for FINA, swimming's world governing body.

These urine samples, along with others taken during the Asian Games, produced a startling, disturbing result: the first indication of widespread use of a banned anabolic steroid called dihydrotestosterone, commonly known as DHT.

Steroids are used by athletes to build muscle mass and speed recovery from workouts and injury. Tests taken during the Asian Games yielded positive DHT results from 11 Chinese athletes, seven of them swimmers, including three women's world champions. So many positives among athletes from one country at one event is believed to be unprecedented.

All of the athletes were suspended for two years, which will prohibit them from participating in the 1996 Summer Games in Atlanta, where Olympic officials from 192 nations gathered for meetings last week.

The test results represented a significant breakthrough for Olympic scientists, who have been engaged in a high-tech cat-and-mouse game

with athletes who are using increasingly sophisticated techniques to circumvent the rules of sportsmanship and fair play.

"This is what makes this occupation so interesting," said Dr. Manfred Donike, a German chemist who is the International Olympic Committee's guru concerning matters of doping control.

The failed tests have led to increased suspicion of institutionalized doping in China, and to broad skepticism about the credibility of China's emerging sports empire.

According to figures provided by Chinese officials, 36 Chinese athletes in various sports have tested positive for banned substances this year, and 45 since 1988. In swimming, there have been 22 positive drug tests since the 1972 Olympics — 13 by Chinese athletes.

"It is my personal impression that, in swimming, the use was at least widespread" by Chinese athletes at the Asian Games, Donike said, referring to DHT. "Systematically, if it has been used on the order of trainers and functionaries, I can-

not say. It is difficult to say what is the amount of collective criminal energy behind it."

For two decades, Donike's laboratory in Cologne has pioneered testing for anabolic steroids. It recorded the first positive result in 1978, and it established the 6:1 ratio of testosterone, the male sex hormone, to epitestosterone, a related hormone, as the point at which a drug test is considered positive.

Drug-test results, called steroid profiles, resemble a pharmacological mountain range, with chemical peaks representing excessive levels of banned substances. Testosterone is produced naturally in both men and women, but is banned when introduced externally as a performance-enhancing substance.

As testosterone metabolizes in the body, one of the by-products produced is DHT. It is more powerful than testosterone. Thus, it is effective in smaller, less detectable amounts when used illicitly through injection, tablets or by being rubbed into the skin.

In 1988, Donike developed five

chemical fingerprints that would positively identify DHT in a urine sample. Until now, however, only one athlete — a Belgian cyclist in 1992 — had tested positive for DHT, which can be obtained from chemical-supply companies in the United States and Europe. Because there was no perceived widespread problem, only a few of the IOC's 24 accredited drug laboratories routinely tested for the steroid.

"I would not have expected the extent that in one nation, one swimming federation, that DHT would have been systematically used or misused," Donike said of the Chinese.

Still, rumors had begun circulating that DHT had become the latest designer drug. The Chinese women were under suspicion, particularly for meteoric successes in swimming and distance running. A Chinese woman did not win an Olympic medal in swimming until 1988. Six years later, they were dominating the world championships.

Further adding to suspicion about China was the influence there of

coaches from the former East Germany, which, it has been documented since reunification, operated a state-sponsored doping program to produce fraudulent athletic excellence.

Beginning with the out-of-competition testing by FINA in Hiroshima, these suspicions about China would be confirmed on an astounding scale.

In Japan, FINA officials simply approached the Chinese swimmers on Sept. 30 as they left the pool and requested an immediate urine sample. To have refused would have meant automatic suspension.

Two Chinese world champion swimmers tested positive in the tests: Yang Aihua for excessive levels of testosterone and Lu Bin for excessive DHT.

Then came a second set of tests, which were conducted during the Asian Games and which also raised the suspicion of DHT use. Both sets of tests were analyzed at the Mitsubishi laboratory in Tokyo, which proved critical to catching the Chinese. It is one of the few IOC-san-

ctioned labs regularly testing for DHT. With the test results in, Donike was contacted in early October by Dr. Yoshio Kuroda, president of the Asian Olympic Committee.

"Nobody thought the Tokyo lab could detect DHT," Kuroda said. "That's a key point."

On Nov. 27, Donike flew from Germany to Tokyo to examine a redundant set of tests from the 1994 Asian Games. A few days later, the results were announced. Eleven Chinese athletes, including Lu, Yang and a third world champion swimmer, Zhou Guobin, had tested positive for DHT, their steroid profiles showing pharmacological matches.

"Young athletes have no knowledge of how to take this," Kuroda said. "Somebody maybe gave them the drugs."

The Chinese Olympic Committee, which has acknowledged the possibility that coaches and trainers supplied the drugs, is conducting an internal inquiry. The swimmers, who have denied knowingly taking DHT, are appealing their suspensions.

Arizona St. Comes Up Short in OT

The Associated Press

TEMPE, Arizona — Playing for the second time in as many nights, No. 15 Arizona State ran out of energy in the final minute of regulation against Texas-San Antonio.

The Roadrunners made up a seven-point deficit in the final minute, and Philip Chime's

COLLEGE BASKETBALL

layup with 10.7 seconds left in overtime lifted them to an 87-85 upset of the San Devils.

Arizona State (15-2) squandered its lead in the final minutes by committing a pair of turnovers and missing two of four free-throw attempts. The San Devils' efforts were hindered by the absence of the junior forward Mario Bennett, who fouled out with 1:34 remaining in regulation.

In the only Top 25 game, then-No. 22 Villanova lost 60-57 to St. Joseph's. The Wildcats dropped out of the Top 25 on Monday. Arizona State's loss dropped it from 15th to 15th.

Texas-San Antonio (3-2) whitewashed at the Sun Devils' 72-65 lead as Marlon Anderson hit a 3-pointer and Thaddeus Wordlaw and Darren Webster added layups to make it 73-72 with 13.2 seconds to play.

The Arizona State guard Isaac Burton made a free throw to give the Sun Devils a 74-72 lead with 17 seconds remaining, but Anderson sent the game to overtime when he tipped home a Webster miss with two-tenths of a second remaining.

Arizona State had rallied to defeat Cal-Irvine, 87-58, on Saturday night.



The Nets' P.J. Brown and Miami's Billy Owens racing for the ball during New Jersey's last-second 103-102 victory.

Blazers and Drexler Glide Past Knicks

The Associated Press

Clyde Drexler put on a vintage show against the stumbling New York Knicks on Sunday in Portland, Oregon, scoring 33 points, 31 in the first three quarters, as the Trail Blazers rolled to a 111-87 victory.

At age 32, nothing irks Drexler more than the suggestion that his skills are eroding. "What do you mean?" he said when someone said his breakaway slam dunk during the rout may have surprised people who felt he no longer was capable of such moves. "I don't know what you're talking about. I mean, I'm only 32."

Drexler made 14 of 19 field goal attempts and did not have a turnover.

Clifford Robinson added 24 points in what was probably Portland's best overall effort of the season.

"We haven't played any better than that,"

NBA HIGHLIGHTS

that's for sure," Blazers' coach P. J. Carlesimo said.

Rod Strickland added 17 points and 11 assists as Portland's starting guards outscored their New York counterparts 50-15. John Starks and Derek Harper were a combined 4-for-19 shooting.

Jazz 101, Bucks 98: In Milwaukee, Karl Malone scored 27 points and Jeff Hornacek 20, including nine late in the fourth

quarter, leading Utah to its team-record eighth consecutive road victory.

The Jazz, playing their fourth game in five nights, won their fifth straight game overall and sixth in a row against the Bucks. Todd Day led Milwaukee with 23 points, Eric Murdock had 19 and Glenn Robinson 18.

Nets 103, Heat 102: In East Rutherford, New Jersey, Benoit Benjamin scored 12 of his season-high 24 points in the fourth quarter, including two free throws with 2.4 seconds remaining.

The Nets trailed 84-78 early in the fourth quarter before Benjamin scored nine points in a 22-5 run that gave New Jersey a 98-89 lead with 4:05 remaining.

SCOREBOARD

NFL Standings

AMERICAN CONFERENCE

East

West

NATIONAL CONFERENCE

East

West

WESTERN CONFERENCE

AFC

NFC

SUNDAY'S RESULTS

World Cup Results

WOMEN'S SLALOM

SUNDAY'S COLLEGE SCORES

EAST

WEST

SOUTHWEST

THE AP TOP 25

HOCKEY

ISVETIA CUP

CHICKEN

MANDELA TROPHY ONE DAY MATCH

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